As of 11 a.m. ET **DJIA** 10396.00 ▲ 0.69% **FTSE 100** 5405.94 ▲ 0.96% **Nikkei 225** 10172.06 ▲ 0.45% **Shanghai Comp.** 3087.84 ▲ 1.18% **Hang Seng** 21056.93 ▲ 2.17% **Sensex** 16429.55 Closed **S&P/ASX 200** 4686.53 ▲ 1.05%

Toyoda concedes profit focus led to flaws in safety standards

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The state that shows how ObamaCare won't work

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KKDN PPS 648/11/2010 (028507) KKDN PP 9315/10/2010 (025811) MICA (P) NO. 048/10/2009 SK MENPEN R.I. NO: 01/SK/MENPEN/SCJ/1998 TGL 4 SEPT 1998

THE WALL STREET JOURNAL.

THE WALL STREET JOURNAL.

VOL. XXXIV NO. 127 (India facsimile Vol. 1 No. 188)

ASIA

Tuesday, March 2, 2010

DOWJONES A NEWS CORPORATION COMPANY

asia.WSJ.com

Hindu devotees celebrate the festival of colors in India

Reuters

A girl reacts to being drenched in color during Holi festivities in Hyderabad. The joyous tradition of smearing paint on others heralds the beginning of spring.

Prudential to buy AIG's Asian prize

In its biggest move yet to repay a $182.3 billion U.S.-government bailout, **American International Group** Inc. agreed Monday to sell its crown-jewel Asian life-insurance business to **Prudential PLC** for about $35.5 billion.

By Jeffrey McCracken, Serena Ng and Dana Cimilluca

Terms of the deal call for Prudential to pay the government-controlled insurer $25 billion in cash, $8.5 billion in equity and equity-linked securities and $2 billion in preferred stock for its American International Assurance Ltd. unit, the companies said in statements Monday. That means AIG will be left with a big stake in Prudential, a medium-size U.K. life-insurance and asset-management company.

Following completion of the deal, Prudential said it would seek a share listing on the Hong Kong stock exchange in addition to the one it has in London. The companies expect to close the deal by the end of the year. (Prudential PLC isn't related to U.S insurer **Prudential Financial** Inc.)

Prudential PLC shares fell 12% in London on Monday, in part reflecting a large share sale the company will hold to finance the deal.

AIG said that over time it will sell the $10.5 billion of Prudential securities it is getting in the deal, subject to minimum holding periods it didn't detail in the statement. That cash will be used to repay any borrowings outstanding under a credit facility with the New York Federal Reserve Bank.

AIG's sale of AIA—along with a separate agreement expected in the next week or so to sell another non-U.S. insurer, American Life Insurance Co., or Alico, to **MetLife** Inc.—could ultimately generate proceeds of about $50 billion. Half of that amount has already been earmarked for

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■ Hong Kong loses one share sale, may get another..... 17
■ Heard on the Street: Prudential's Asian flavor 32

South Korea works overtime to tackle vacation shortage

* * *

Nation leads in refusing to take time off, but productivity lags; bosses set the pace

BY EVAN RAMSTAD AND JAEYEON WOO

SEOUL—The government here is cracking down on vacations: Workers, it seems, aren't taking enough of them.

South Koreans were told for decades to sacrifice everything to build the country's economy. Now South Koreans are world-champion workaholics, according to the Organization of Economic Cooperation and Development, logging more hours a year on the job than people in any other developed country.

The government is trying to change that. The ministry in charge of government personnel issued a directive in January requiring the country's one million state workers to submit to their bosses a plan to take 16 days off this year.

KTO

Lee Charm preaches the 'three joys' of vacation.

The hitch: In a hierarchical society where superiors set the tone in business and politics, some of the very bosses behind the vacation push can't be bothered to take them.

President Lee Myung-bak raised the national vacation deficit at a cabinet meeting last summer, pointing to a survey showing that the typical government worker took only six of the allotted 23 days. Mr. Lee's personal tally since taking office in February 2008, according to media reports: four days.

One member of Mr. Lee's cabinet, Unification Minister Hyun In-taek, told The Wall Street Journal he passed the government's vacation directive throughout his agency, which is responsible for South Korea's dealings with North Korea. But he has taken no vacation himself.

"I want them to take more time off," Mr. Hyun says. "But as for me? I don't know."

To cajole reluctant holiday-makers, the government has brought in the heavy artillery: a guy from Germany, home to some of the world's top vacationers.

Born there as Bernhard Quandt, he moved to South Korea in 1978 and became a naturalized citizen in 1986, changing his name to Lee Charm. Mr. Lee, who teaches language on TV, hosts radio shows, writes books and gives lectures about Korean culture, is one of the country's most visible foreign faces.

In August, Mr. Lee was named the head of the government-owned Korea Tourism Organization, whose 550

Please turn to page 16

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PAGE TWO

What's News—

* * * *Business & Finance*

■ **An excessive focus** on market share and profits was a key reason for Toyota's quality problems, Akio Toyoda said while apologizing to consumers in China, some of his bluntest words yet in assessing the flaws that led to widespread safety recalls. **17**

■ **Toyota's domestic sales** rose 48% last month despite the quality issues engulfing the Japanese auto maker. **18**

■ **Donald L. Kohn**, vice chairman of the Federal Reserve Board, will step down when his term ends in June, giving Obama a third seat to fill on the seven-member board.

■ **China's manufacturing activity** grew more slowly in February as plants shut for Lunar New Year, while business surveys elsewhere in Asia suggested the region's recovery was motoring ahead. **6**

■ **Americans spent 0.5% more** in January than the previous month, but their income growth was just 0.1%. Separately, manufacturing growth slowed in February.

■ **The EU is ready to support** Greece, Monetary Affairs Commissioner Olli Rehn said, but he urged the country to take further measures immediately to shrink its bloated budget deficit. **23**

■ **Vivendi narrowed** its quarterly loss to $1.3 billion, and the French media company reported a solid start to this year. **20**

■ **Astellas Pharma of Japan** launched an unsolicited $3.5 billion bid to buy OSI Pharmaceuticals of the U.S. **20**

■ **China Vanke's profit increased** 32% in 2009 as property prices rose sharply. **21**

■ **Chinese electronics retailer** GOME said one of its units was charged with bribery in connection with alleged offenses involving the group's former chairman, Huang Guangyu. **22**

Reuters

HSBC said full-year net profit rose 1.9%, helped by higher trading income, but bad-debt charges continued to increase. Chief Executive Michael Geoghegan, above, takes questions during Monday's news conference in Hong Kong. He broke ranks with peers at other British banks by accepting his annual bonus, although he plans to donate it to charity. **Page 17.**

■ **MSCI announced plans** to buy RiskMetrics Group for $1.55 billion, combining two of the largest providers of investment and risk-management tools. **27**

■ **U.S. stocks rose** on data showing strength in manufacturing and improvements in consumer spending, while a jump in copper prices pushed up Asian stocks. Sterling dropped to its lowest level against the dollar in nine months. **23, 25**

■ **Indonesia's inflation** accelerated in February as food prices gained, but the increase remained within the central bank's target and isn't likely to prompt it to raise borrowing costs.

■ **Japan's Finance Minister** Naoto Kan put new pressure on the central bank to act more quickly to defeat deflation, saying he wants the falling price trend to end this year, the first mention by the government of a time frame. **6**

* * * *World-Wide*

■ **Chile asked the U.N.** to provide international aid, two days after a giant earthquake ripped through the South American nation, killing at least 700, crushing buildings and sparking looting rampages in the hard-hit south. **3**

■ **A planned visit to China** by a senior U.S. official this week is the latest sign of a thaw between the two nations following a series of controversies. **4**

■ **The U.S. Supreme Court** declined to hear a case brought by Uighurs being held at Guantanamo Bay, Cuba, who are seeking to be resettled in the U.S. **WSJ.com**

■ **Thirteen Chinese newspapers** published an editorial urging authorities to overhaul the system of household registration that divides China's population into rural and urban residents, a bold call for change ahead of the country's annual legislative session. **6**

■ **A Spanish judge accused** Venezuela of collaborating with Basque militants and Colombian rebels, and said the groups plotted to assassinate Colombia's president.

■ **Philippine troops clashed** with followers of a political warlord arrested over November's election-related massacre, killing two gunmen, the military said.

■ **Preliminary results showed** Tajikistan's pro-government party winning parliamentary elections by a landslide, as international monitors and the opposition cited widespread fraud.

■ **Vancouver ended** its time hosting the 2010 Olympic Games on a light-hearted note, with a closing ceremony that featured floating moose and dancing Mounties. **16**

ONLINE TODAY

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Following recent fashion shows, Giorgio Armani and Bottega Veneta have shot up into the first two spots on overall online buzz rankings.

Inside

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THE WALL STREET JOURNAL ASIA
Dow Jones Publishing Company (Asia)
25/F, Central Plaza, 18 Harbour Road, Hong Kong
Tel 852-2573 7121 Fax 852-2834 5291
www.wsj-asia.com

SUBSCRIPTIONS and Address Changes, please telephone our local customer service hotline, Hong Kong/Taiwan: 852-2831 2555; Beijing: 86-10 6581 4090; Shanghai: 86-21 5836 8228; Indonesia: 62-21 344 1101; Japan: 81-3 6269-2760; Korea: 82-2 756 1695; Malaysia: 60-3 2026 4061; Philippines: 63-2 848 5873; Singapore: 65-6415 4000; Thailand: 66-2 652 0871. Or email: service@wsj-asia.com

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WORLD NEWS

Chile asks U.N. for international aid

President aims to reassure populace on rebuilding effort as death toll rises; quake's aftershocks hurt rescue efforts

Chile's government asked the United Nations to provide international aid, two days after a giant earthquake ripped through the South American nation, killing at least 700, crushing buildings and sparking looting rampages in the hard-hit south.

*By **Anthony Esposito** and **Sergio Abarca** in Pelluhue, Chile, and **Matt Moffett** in Santiago*

On Sunday, President Michelle Bachelet sought to reassure Chileans that the government was up to the task of rebuilding, but as police and troops tried to restore civil order, efforts to determine the scope of destruction from the quake were undermined by aftershocks that turned more buildings into rubble.

"We're facing an unthinkable catastrophe that will require an enormous effort in resources," Ms. Bachelet said in a nationally televised address.

In the southern city of Concepción, closer to the epicenter, firefighters searched for about 60 people trapped inside an apartment building that toppled onto its side.

Tear gas fired at looters forced one rescuer to pause deep inside the building's rubble. Police had imposed an overnight curfew to control looters who sacked virtually every market in the city.

Across the Bio Bio River in the city of San Pedro, looters cleared out a shopping mall. A video store was set ablaze, two automated-teller machines were broken open, a bank was robbed and a supermarket emptied, the Associated Press reported.

Ms. Bachelet dispatched 10,000 troops to restore order and help rescue efforts in hard-hit southern towns. Two million people were displaced, she said.

The magnitude-8.8 quake, the fifth-biggest ever measured, struck off Chile's coast around 3:30 a.m. local time Saturday, toppling buildings, twisting roadways and driving deadly waves into seaside towns. Damage to power and communications systems hurt rescue efforts.

European Pressphoto Agency

People walk the streets of Talcahuano, a Chilean port city hit by a tsunami.

Most of the confirmed deaths so far are in the Maule region on the Chilean coast, which was closest to the epicenter. As much as 80% of some towns in the region was destroyed, officials said.

"Unfortunately, we found whole families buried in the rubble," said Alejandro Boettiger, a firefighter from the southern city of Talca.

In Pelluhue, a southern coastal village of 1,000, waves harpooned 20-meter-tall cypress trees into homes, while washing other houses up onto the slopes above town.

"The earth started shaking so violently that we couldn't stand," said Maria Julia Aguilar, who was vacationing with her husband in Pelluhue. As they fled, the sound of waves crushing houses cracked along the shoreline. Returning later, she said, she saw four bodies half-buried in the sand.

Looting wasn't the only unrest provoked by the quake. At least 200 prisoners escaped from a jail in the southern city of Chillan, while the women's section of a prison in Concepción was ablaze, with gunshots heard inside, local media reported.

While Chilean officials scrambled to restore order in the south, other parts of the country, including the capital city Santiago, appeared to be returning to normalcy. Planes resumed landings on a limited basis at the international airport.

—Jeff Fick, Carolina Pica, Matthew Cowley and George Seal contributed to this article.

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Bangkok under fire on immigration

New rules, which demand compliance by Tuesday, could cause massive deportation of foreign workers, raise costs

By Patrick Barta

Pressure is mounting on Thai authorities to rescind or delay new immigration rules that could cause hundreds of thousands of migrant workers to face deportation and drive up business costs in one of Southeast Asia's most important economies, human-rights workers say.

The rules, which demand compliance by Tuesday and which require some 1.5 million migrants to register with Thai authorities and prove their nationalities, or be kicked out, are adding to recent concerns about overreliance on imported labor in Asia's wealthier countries.

Other countries in the region, including Malaysia, Singapore and Korea, have increasingly drawn on low-cost foreign workers to help them stay competitive with China and India. Malaysian palm-oil plantation owners count heavily on labor from Bangladesh or Nepal to keep wages low.

In Thailand, textile manufacturers and fishing fleets—two industries that heavily rely on foreign labor—use workers from Myanmar, Cambodia, Laos and elsewhere.

Although precise data on such undocumented workers are unavailable, human-rights groups say they now account for roughly 5% to 10% of Thailand's work force.

As the number of migrants has grown, though, host countries have become more worried about backlash from local residents, who fear foreign labor is keeping local wages down. Officials say they also are concerned foreigners could pose security threats or health risks, since some come from countries with high rates of HIV or other diseases.

Thailand is emerging as the latest battleground. The country has long required migrant workers to register with the government. But now, authorities are asking them to undergo a considerably more onerous and time-consuming registration that involves verifying the migrants' identities with their home governments—something many workers are afraid to do because they fear it could subject them to punishments or penalties back home.

The goal of Thai authorities is to get a more reliable record of who is in the country at any given time, expand worker protections and tighten supervision, including ensuring workers have vaccinations.

The deadline for compliance, initially Feb. 28, was extended to March 2 after several hundred thousand migrants failed to appear. Workers who don't comply are subject to arrest and deportation, though it remains unclear when that process will start. In one concession, officials have said that workers who start the process now can finish the paperwork later, though they have also insisted they will take a hard line against anyone found to be intentionally avoiding the process.

Human-rights groups say as many as 700,000 of the 1.5 million or so migrants covered by the rule will refuse to comply, based on conversations they have had with Thai officials about current participation rates. A Thai government spokesman says he doubts the number is that high, but acknowledges at least several hundred thousand likely still haven't taken part.

Even a small reduction in the number of migrant workers could affect Thailand's competitiveness, analysts say, at a time when it is just beginning to recover from the world-wide economic crisis. Employers say they already are experiencing labor shortages, and will need more migrants to keep textile mills and other low-wage businesses, such as farm work or seafood processing, humming.

"Thai people don't want these jobs," says Amnart Nantaharn, deputy secretary general of the Federation of Thai Industries. Every sector of the Thai economy needs more migrant workers, he says.

Human-rights groups, meanwhile, say migrants have plenty of reasons to fear declaring themselves, including a history of past mistreatment by Thai authorities. Cases of arbitrary arrest and rape are detailed in a report released last week by New York-based Human Rights Watch. In some cases, activists allege, Thai authorities force migrants to pay bribes to avoid deportation.

On Thursday, police said Thai troops fire on a pickup truck carrying Myanmar migrants, killing three passengers, Reuters reported. The police said the driver was heading toward authorities near a border with Myanmar and refused to halt.

Other migrant workers worry that information about their activities will be shared with their governments in Myanmar, Laos or Cambodia, subjecting them to possible problems if they return home or their families to harassment.

"We recognize the right of the government to monitor immigration," says Phil Robertson, a deputy director of Human Rights Watch. "We just want them to do it in a way that prevents human-rights abuses against migrants."

Thai authorities say they are investigating the reports of abuse. They say the new registration process will ultimately help reduce such problems by formalizing workers' status and rights under Thai law.

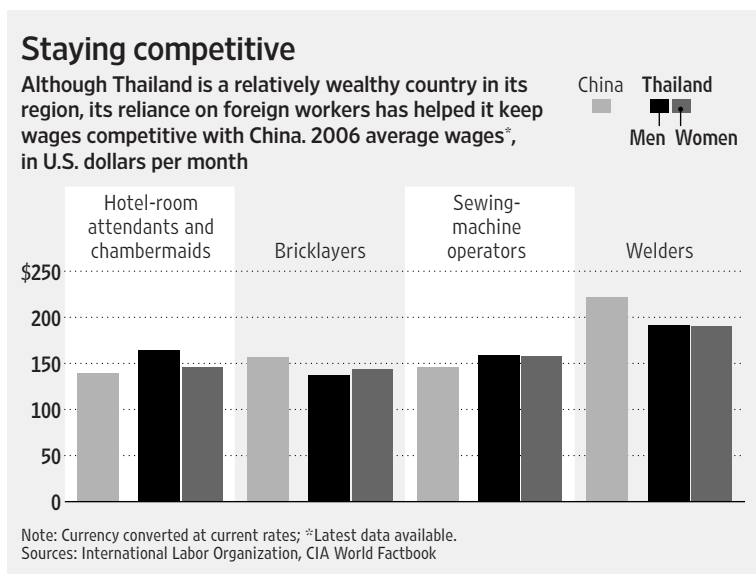
"That is exactly why we need them to come forward and be protected, so they're not underground," says Panitan Wattanayagorn, a Thai government spokesman. He says he doesn't think higher costs for businesses "is much of an issue" but added the government will consider possible economic downsides as it considers how aggressively to enforce the rule.

Tighter controls could help Thailand and the foreign workers in the long run, says Christopher Bruton, an analyst at Dataconsult Ltd., a Bangkok advisory firm. Wages will likely have to rise and some businesses will "probably close or go over the border" to remain competitive if many migrant workers return home, he says. But relying on cheap labor tends to promote inefficiencies in businesses, he says, and forcing companies to accept somewhat higher wages could ultimately make them run better and be more competitive.

—Wilawan Watcharasakwet and Celine Fernandez contributed to this article.

Agence France-Presse/Getty Images,

Migrant workers from Myanmar were on the job in a shrimp factory in Mahachai, on the outskirts of Bangkok on Thursday.



U.S. official's visit to China signals a thaw

By Aaron Back

BEIJING—A planned visit to China by a senior U.S. official this week is the latest sign of a thaw between the two nations following a series of controversies that had put bilateral relations on ice.

Deputy Secretary of State James Steinberg will be in Beijing from Tuesday to Thursday to "exchange views with Chinese officials on U.S.-China bilateral issues," the U.S. State Department said in a statement Sunday.

Details of Mr. Steinberg's visit aren't known, but it is the most recent sign that relations are normalizing after recent spats related to Taiwan, Tibet and other issues.

The Steinberg announcement follows a comment by Chinese Premier Wen Jiabao on Sunday that Washington and Beijing must work together to ease trade disputes.

"We hope China-U.S. trade frictions can ease," Mr. Wen said in an online chat with Internet users in China. "We also hope this year won't become a 'non-pacific' year in the China-U.S. economic and trade relationship. This will require both sides to work together."

U.S.-China relations have been strained, with little diplomatic contact, since the U.S. decision in late January to sell $6.4 billion of arms to Taiwan. That same month, U.S. Secretary of State Hillary Clinton said fighting Web controls like those from Beijing would be a priority of American foreign policy. Ties were further frayed in February by President Barack Obama's meeting with the Dalai Lama, the Tibetan spiritual leader whom Beijing accuses of seeking independence.

Tensions now appear to be easing.

The China Daily, a state-controlled English-language paper, hailed the impending Mr. Steinberg visit Monday, saying it could "save" ties between the countries.

Stephen Bosworth, the Obama administration's special envoy on North Korea, was in Beijing Feb. 23 to discuss the North Korean nuclear issue. It was the first publicized high-level diplomatic exchange between the two sides since relations were disrupted by the Jan. 29 Taiwan arms sale announcement.

China strongly protested the sale to Taiwan, which it regards as its sovereign territory, and said it would impose sanctions on U.S. companies involved, without giving details.

The U.S. and China will face more challenges to bilateral relations in coming weeks and months, including a human-rights dialogue scheduled for this month, and another round of the Strategic and Economic Dialogue later this year, where contentious economic issues such as the yuan will be discussed.

Associated Press

U.S. Deputy Secretary of State James Steinberg, who begins talks in Beijing on Tuesday, shown in Tbilisi, Georgia, in February.

WORLD NEWS: ASIA

中国实时报
CHINAREALTIMEREPORT

The Wall Street Journal's China Real Time Report (http://blogs.wsj.com/chinarealtime) recently looked at a new appointment for the government-backed Panchen Lama and more reaction to James Chanos's take on China. Excerpts:

Panchen Lama's new role

The Chinese government-backed Panchen Lama has joined a group of leading citizens that advises the nation's legislature, part of an effort to raise his public profile.

Gyaincain Norbu, installed as the high-ranking Tibetan Buddhist cleric as a child in 1995 and now 20 years old, has been playing a more prominent public role as a religious leader and supporter of Communist Party rule in recent years, after previously staying out of the spotlight.

The young monk was named to the National Committee of the Chinese People's Political Consultative Conference on Sunday, according to the state-run Xinhua news agency. The group consists of more than 2,200 people, including academics, television personalities, entrepreneurs and government officials who advise the National People's Congress.

The CPPCC will meet Wednesday, and the annual meeting of the People's Congress starts Friday in Beijing.

The Panchen Lama—believed to be the reincarnation of the second-highest ranking lama in the Gelug school of Tibetan Buddhism after the Dalai Lama—is at the center of a struggle for control of the religion between the Chinese government and exiled Tibetan leaders.

In 1995, the Dalai Lama recognized a young Tibetan boy as the reincarnation of the previous Panchen Lama, who died in 1989. Chinese security forces detained the boy and his family. They haven't been seen publicly since. Beijing instead backed Gyaincain Norbu after a government-sanctioned selection process.

Associated Press

Gyaincain Norbu, backed by China as Panchen Lama.

The addition of Gyaincain Norbi to the CPPCC, soon after the Dalai Lama's White House meeting with President Barack Obama, highlights Beijing's efforts to set up an alternate Tibetan Buddhist leadership to that of the Dalai Lama.

—Gordon Fairclough

More debate on Chanos

In making his now-(in)famous comment that China is in a bubble that looks like "Dubai times a thousand," prominent short-seller James Chanos crystallized the debate over the country's economy and inspired a torrent of both praise and criticism.

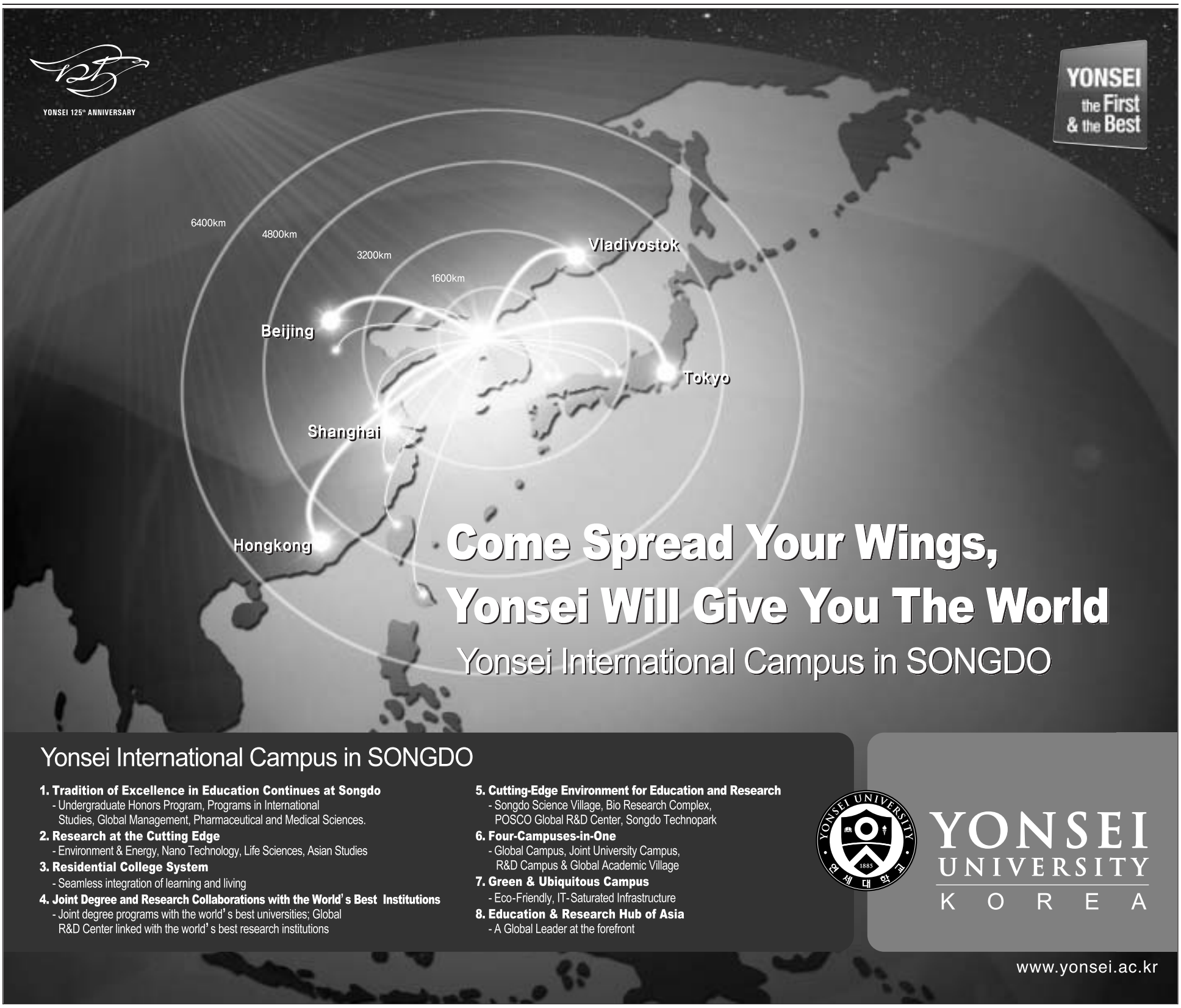
Chanos, who runs the hedge fund firm Kynikos Associates, was quoted making the Dubai quip in the New York Times in early January. The paper's own columnist Thomas Friedman responded a week later with a quip of his own: "First, a simple rule of investing that has always served me well: Never short a country with $2 trillion in foreign currency reserves."

The latest to join in piling on Chanos is Jonathan Anderson, the respected emerging-markets economist for UBS and a longtime China watcher.

In a recent report, Anderson deployed an impressive array of charts to make the point that "China looks nothing like Dubai." While Dubai had rapid growth in bank lending and property deals for several years before its bubble burst, he says, China hasn't had those symptoms until that last 12 months or so—and the government is already trying to cool things down.

China is having more of a "mini Dubai moment," Anderson argues. Things are going to slow down this year, which means that "'big China bears' could easily look like heroes for a while during 2010," he says, "even if their more dire predictions are proven very wrong at the end of the day."

—Andrew Batson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WORLD NEWS: ASIA

Rare China editorial urges reform

By Sky Canaves

BEIJING—Thirteen local Chinese newspapers published an editorial urging authorities to reform the system of household registration that divides China's population into rural and urban residents, and limits migrants workers' access to city services, in a bold call for reform days ahead of the start of the country's annual legislative session.

Monday's editorial represents a rare coordinated effort by Chinese media to speak out on a sensitive matter of major domestic importance. The piece describes the *hukou* household registration system, adopted in the late 1950s to control population movement, in scathing terms as a source of injustice and a breeding ground for corruption.

"China has endured the bitterness of its household registration system for so long!" the editorial says. "We hold that individuals are born free, possessing the right to move freely!"

The editorial highlights growing public unhappiness with a system that officials have failed to change as rapidly as China's population. Controls have been loosened to allow for a massive migration of labor from the countryside to cities over the three decades since China's economic reforms started. But established urban residents continue to enjoy preferential access to subsidized education, health care and housing in the cities in which they are registered. Migrants face restrictions and often have to pay much more for benefits available to those with urban residency status.

Although not carried by leading state-run media outlets, Monday's editorial was featured in several influential publications such as the Southern Metropolis Daily and the Economic Observer, and in newspapers with broad geographic coverage, from Inner Mongolia in the north to Yunnan province in the southwest. The editorial also was widely republished on Chinese Internet news portals.

The editorial contrasts the division perpetuated by the hukou system with China's constitutional guarantees of equality for citizens. "For how many more generations will this division persist?" it asks.

Reuters

Migrant workers head for a train in Nanjing Monday to seek jobs in south China.

Critics of the system have been calling for reform for years. But so far, only fairly superficial changes have been made, and it remains nearly impossible for low-income migrant workers to shift their household registrations to the any of the country's sizable cities.

Still, the hukou system has been getting greater public attention lately, and reforming it is expected to be a topic of discussion at the National People's Congress, the annual full session of the legislature that starts Friday. The authors of Monday's article appealed to the NPC's nearly 3,000 delegates, and those of a government advisory body that also convenes this week, to hasten the pace of reform.

Premier Wen Jiabao highlighted the need for further reform of the system in a public Internet chat session Saturday in response to a question about government efforts to improve the lot of rural migrants. The government is trying to encourage migrants to settle in smaller cities, but that effort is likely to fail unless such cities can manage to rival the employment opportunities found in the large urban areas favored by most migrants.

Authorities also are studying how to delink hukou status from the provision of social services as a way of boosting domestic consumption. If migrant workers and their families were able to enjoy benefits in the cities where they live and work on par with urban hukou holders, the thinking goes, they would focus less on saving and sending money back home and more on spending their increased disposable income. But so far, piecemeal measures implemented by local governments have resulted in wide disparity in conditions.

Holiday slows China industry pace

BEIJING—China's manufacturing activity grew more slowly last month as plants shut for the Lunar New Year, while business surveys elsewhere in Asia suggested that the region's recovery from the economic crisis was motoring ahead.

China's government-backed purchasing manufacturers index fell to 52.0 in February from 55.8 in January, the China Federation of Logistics and Purchasing said. HSBC's china manufacturing PMI, prepared by Markit, fell to 55.8 from 57.4 over the period, according to HSBC Holdings PLC.

A PMI reading above 50 indicates growth, while a reading below 50 indicates contraction.

Elsewhere in Asia, the manufacturing surveys suggested that the recovery is proceeding strongly. HSBC's PMI for South Korea rose to a two-year high of 58.2, up from January's 55.6, on the back of improved demand both domestically and from abroad.

"South Korea's economy looks set for another quarter of strong sequential growth, with output continuing to accelerate from already very robust levels," said Frederic Neumann, senior Asian economist at HSBC. "With numbers like these, the authorities may need to exit highly accommodative economic policies earlier than currently anticipated."

Indian manufacturing expanded for a third straight month, helped by stronger new orders, output and employment. The HSBC PMI for India rose to 58.5 in February from January's 57.6.

After it "wobbled slightly toward the end of last year," manufacturing in India has accelerated to "levels last seen in mid-2008," said Robert Prior-Wandesforde, senior Asian economist at HSBC. "The headline index is consistent with ongoing double-digit gains in industrial production, which in turn is likely to mean that spare capacity is being eaten into rapidly."

The Australian Industry Group-PricewaterhouseCoopers Australian Performance of Manufacturing Index rose 2.8 points in February to 53.8.

"The combination of rising new orders and production augurs well for the industry in coming months," Ai Group Chief Executive Heather Ridout said. She added that, however, "employment remained lackluster, reflecting the still-patchy nature of growth with continuing weak results in some five out of 12 manufacturing sectors."

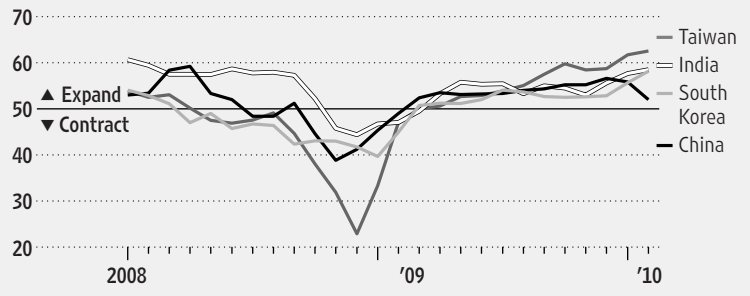
But as the dominant economy in emerging Asia—and the one country in Monday's surveys to buck the regional trend of faster manufacturing growth—China drew the most attention among analysts.

Economists cautioned against reading too much into February's drop, as the Lunar New Year likely reduced business activity.

—Liu Li and Terence Poon

Ongoing recovery

Purchasing Managers' Index of selected Asian economies



Sources: HSBC and Markit (Taiwan, India, South Korea), National Bureau of Statistics of China via Thomson Reuters

Tokyo calls for deflation plan

By Takeshi Takeuchi

TOKYO—Japanese Finance Minister Naoto Kan on Monday put new pressure on Japan's central bank to act more quickly to defeat deflation, saying he wants the falling price trend to end this year.

"Two or three years is too long. If possible, I hope that the consumer price index turns positive by the end of this year," Mr. Kan told a parliament session.

His remarks were the first mention by the government of a time frame for lifting the country out of deflation, though he later added that the goal partly reflected his own "wishful thinking."

Still, his stance suggests the government could start calling for some new monetary easing later this year from the Bank of Japan, which forecasts that weak domestic demand will mean deflation will continue through the fiscal year ending in March 2012.

The finance minister also said the government and the BOJ may have to seek an inflation rate higher than 1% in considering fiscal and monetary policies. The BOJ hasn't adopted an inflation-target policy, but its policy board said in December that a CPI rate of around 1% is desirable for a sustained economic recovery.

In the same parliament session, the BOJ came under further pressure from banking minister Shizuka Kamei. Mr. Kamei said the BOJ's monetary policy alone isn't powerful enough to end deflation, given the huge gap between insufficient demand and excess supply in the economy, estimated to total around 35 trillion yen, or about $394 billion.

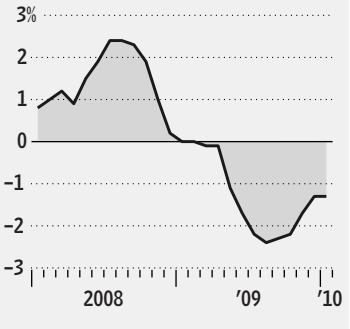
Mr. Kamei said the central bank should consider deploying unorthodox policy tools, such as underwriting government bonds—a move that the BOJ has been resisting, saying such a step would undermine market confidence in Japan's fiscal health.

"The drop in tax revenues is so huge that the government will have big trouble finding money for fiscal spending [to make up for that demand-supply gap]," he said. "In an environment like this, it should be one policy option for the BOJ to underwrite government bonds."

So far, other top government officials haven't called for similar radical easing steps from the BOJ.

Japan's deflation

Core consumer prices, change from a year earlier



Source: Japan's Ministry of Internal Affairs and Communications

South Korea reports large trade surplus

By Kanga Kong

SEOUL—South Korea posted a much larger-than-expected trade surplus in February as ship deliveries boosted exports, while imports fell as holidays reduced crude-oil and natural-gas demand.

Asia's fourth-largest economy posted a surplus of $2.33 billion, the Ministry of Knowledge Economy said. That beat expectations of a $720 million surplus, and reversed January's deficit of $460 million. The government expects a monthly trade surplus of more than $1 billion from March as demand improves.

"We see [external] risks to exports such as Southern European nations' debt concerns and [monetary] tightening possibilities in the U.S. and China," the ministry said. "But our main export items such as ships, semiconductors and display products are expected to sell more amid improving offshore demand."

The surplus—more than double of what the government had expected in February—and expectations that exports will continue to recover may strengthen the won against the U.S. dollar, economists said. Still, any won gains won't be enough to prompt the central bank to hasten to raise interest rates. Many economists forecast the central bank will tighten its policy by starting to normalize interest rates from the current record low of 2% in the later part of the second quarter as the government retains focus on job creation and growth.

Exports grew 31% from a year earlier to $33.27 billion, faster than the expected rise of 21%, while imports climbed 36.9% to $30.94 billion, exceeding a forecast of a 34% rise. Still, the numbers were weaker than January's growth in exports and imports of 46.7% and 26.4%, respectively. Economists attribute the change to fewer working days and the continuing economic uncertainty in the European region.

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WORLD NEWS

In Iraq, U.S. hangs on to power

Baghdad's arrest of Sunni leaders highlights concerns among American commanders ahead of national elections

By Charles Levinson

BAGHDAD—At 3 a.m. on Feb. 19, U.S. and Iraqi special forces burst into the home of Sheikh Turki Talal, leader of the powerful Ghartani tribe, and hauled the 71-year-old to jail on a terrorism-related arrest warrant.

Within hours, phones began ringing—in the offices of U.S. and Iraqi commanders, senior Iraqi parliamentarians, and even Prime Minister Nouri al-Maliki, who has direct command over the arresting unit, according to U.S. and Iraqi commanders. By the evening of Feb. 20, Sheikh Turki was a free man again.

The sheikh was the latest of a handful of Sunni tribal leaders to be arrested in recent weeks, a trend that some American commanders suspect may be aimed at influencing parliamentary elections on March 7.

For American commanders, a smooth election in March could speed up this year's scheduled U.S. troop withdrawal. But if the polls are viewed as illegitimate and bring violence, commanders say they are prepared to keep combat troops here longer.

U.S. commanders worried that Sheikh Turki's arrest had the potential to destabilize key portions of southern Baghdad that were once a hotbed for the anti-American insurgency. His tribe, which he says has 125,000 members, has been instrumental in pacifying its territory, an extensive patchwork of irrigation canals and palm groves ringing south Baghdad, known as the Baghdad belts.

Charles Levinson for The Wall Street Journal

U.S. commanders fear the arrest of Sheikh Turki Talal could be destabilizing.

U.S. Special Forces took part in Sheikh Turki's arrest, following their Iraqi partners' lead as called for by the agreement that governs the actions of U.S. troops in Iraq. But it wasn't long before U.S. officials were saying the operation shouldn't have taken place.

"We immediately sensed that people didn't understand the magnitude of this arrest," said a senior U.S. commander in the area.

The detention and quick release of Sheikh Turki showed how the U.S., having relinquished control in Iraq, still tries to wield influence here.

Some American attempts to exert influence in the run-up to elections have faltered. After a prominent Sunni politician, Saleh al-Mutlaq, was disqualified from running by a government-backed panel, U.S. Vice President Joe Biden flew in to try to broker a compromise. The disqualification threatened to taint the vote, American officials said. But Mr. Mutlaq hasn't been reinstated. After calling on Feb. 20 for his popular Sunni party to boycott the vote, on Thursday Mr. Mutlaq reversed his decision and urged supporters to "crawl to the voting booths" to cast their votes.

A senior American officer said Sheikh Turki's arrest appeared to have come on orders from "a Shiite-dominated central government running through a list of Sunnis they don't like and arresting them before the elections." The Sunni arrests have fueled complaints by Mr. Maliki's political opponents that the prime minister is running a sectarian campaign. Mr. Maliki, in a declaration Thursday that appeared to be seeking to make amends with Sunni voters, announced the reinstatement of 20,000 army officers who were dismissed after the fall of the Sunni-dominated regime of Saddam Hussein.

On Sunday, Mr. Maliki defended a ban on candidates with alleged ties to Saddam's regime, calling it a legitimate decision that wouldn't affect Sunni turnout at the polls, the Associated Press reported. The prime minister also said he didn't see any need for U.S. forces to stay in Iraq past the planned 2011 departure date.

A spokesman for Mr. Maliki said that security forces were simply executing a valid arrest warrant when they arrested Sheikh Turki Iraqi. It is unclear what the warrant alleges. An Iraqi commander said the warrant likely stemmed from events that took place before Sheikh Turki's tribesmen began cooperating with U.S. forces in 2007.

Sheikh Turki, interviewed in his tribal headquarters in Radwaniya after his release, said he had heard rumors that his arrest was set up by Sunni political rivals currently in the government, not Shiites.

"They know we are powerful and can influence our members," he said. In coming days, the sheikh will meet with the Ghartani tribe's 37 subordinate sheikhs. Together, they will decide whether to boycott the vote, and if they do decide to vote, which candidates to support.

"After this arrest, I may decide we shouldn't support anyone," he says.

In the early years of the war, Sheikh Turki's fellow tribesmen fueled the insurgency. In 2007, the Ghartani tribe grew disillusioned with al Qaeda's savage tactics and began working with U.S. forces.

After hearing of last week's arrest, U.S. Army Brig. Gen. Kevin Mangum, the commander of U.S. forces in West Baghdad, which includes Sheikh Turki's home territory, paid a visit to his Iraqi counterpart, Maj. Gen. Shaker al-Assadi, commander of the National Police's 2nd Division, and expressed his concern.

"There was a warrant for the sheikh's arrest, and that's all he cared about," said Gen. Mangum. A day before, Gen. Mangum had briefed reporters about U.S. worry over a series of other Sunni arrests under questionable warrants.

The day after Sheikh Turki was hauled in, four senior U.S. officers trooped to the office of Gen. Shaker's subordinate, Brig. Gen. Faisal Mohsen, an Iraqi brigade commander responsible for the district that includes Sheikh Turki's territory. They expressed to him their own concern about the arrest.

Gen. Faisal told the American visitors he knew Sheikh Turki well, and said he too felt the arrest had been a mistake. He said he also received phone calls seeking his opinion of Sheikh Turki from speaker of parliament Eyad Samarrai and the commander of Iraqi security forces in Baghdad. The issue reached Prime Minister Maliki's office, according to Iraqi commanders.

Sheikh Turki was released when it was determined he has been playing a positive role in maintaining security, said a spokesman for Mr. Maliki.

For Republicans, embrace of Tea Party carries some risk

[Capital Journal]

By Gerald F. Seib

American politics reached a milestone when Ronald Reagan, then the Republican presidential nominee, traveled to a convention of evangelical Christians in Dallas in August 1980 and said something mainstream politicians hadn't been willing to say previously: "I want you to know I endorse you and what you are doing," Mr. Reagan told the 15,000 or so conservative church leaders there assembled.

From that point on, the "religious right," earlier seen by many as almost a fringe movement, became an important force within an ascendant Republican coalition.

Republicans today are trying something similar with the Tea Party movement. Yet even as Republicans relish this thought, it's worth remembering that, just as their embrace of the religious right created occasional heartburn alongside electoral success over the years, so too does their slow embrace of the Tea Party movement carry downside risks as well as upside potential.

In particular, Republicans' courtship of the Tea Party movement threatens to pull the party away from its moorings on two crucial and emotional issues: the war on terror and immigration.

On the terror front, many Tea Partiers question the very notion of a war on terror, and see some law-enforcement policies adopted in its pursuit as unacceptable intrusions on American liberties. On immigration, the close-the-borders rhetoric common within the Tea Party movement runs counter to what many in the GOP hope will be a renewed outreach to Hispanics.

It's a mistake, of course, to talk of a unified Tea Party position, for the movement is neither unified nor organized enough to have clear positions.

Clearly the movement is marked by hostility to big government, and to the health-care overhaul being championed by President Barack Obama and his Democratic party in Congress. Just as clearly, those impulses make the Tea Party phenomenon a net plus for Republicans. But the areas of disconnect have gotten less attention.

In significant sectors of the broad Tea Party movement, the war on terror, and the intelligence and law-enforcement policies originally crafted by the administration of Republican President George W. Bush to fight it, arouse sentiments ranging from suspicion to hostility.

As much as anything, the Tea Party movement is animated by antipathy toward government intrusions into private lives, and for many that extends toward intrusions with the stated goal of smoking out terrorists. On that front, the movement in some respects has more in common with libertarians than with traditional Republicans such as former Vice President Dick Cheney, tireless champion of the Patriot Act and aggressive tactics in rooting out terrorist threats.

At the Conservative Political Action Conference in Washington two weeks ago—an annual gathering of conservative activists that this year had a distinct Tea Party overlay—one panel discussion was entitled "Why Real Conservatives are Against the War on Terror."

In a paper prepared for that event, Philip Giraldi, a former CIA officer now a fellow at the American Conservative Defense Alliance declared: "Fear has been the key to the door for expansion of government and government powers and the people in charge in Washington have seized the opportunity. It has also eroded the liberties that have defined us as a nation."

Similarly, the Web site of Oath Keepers, an organization of present and former military personnel who say there are some government orders they won't follow, declares: "We will NOT obey any order to detain American citizens as 'unlawful enemy combatants' or to subject them to trial by military tribunal."

One sign of how these tensions can divide, former Rep. Bob Barr got a combination of cheers and boos when he delivered a speech at the CPAC gathering urging that Americans "not be seduced by that siren of security over freedom."

Immigration opens similar fissures between the Tea Party movement and the Republican establishment.

That was clear when former Rep. Tom Tancredo, an outspoken advocate of a crackdown on immigration, was a prominent speaker at the National Tea Party Convention in Nashville last month. In fact, his remarks were entitled, "Thank God John McCain Lost!"

Mr. Tancredo declared that if Republican nominee McCain had won last year's presidential election, he and Rep. Luis Gutierrez, an Illinois Democrat, "would have been posing in the rose garden with big smiles as they received accolades from La Raza for having finally passed an amnesty" for illegal aliens. Moreover, he added, Mr. McCain and Mexican President Felipe Calderon "would be toasting the elimination of those pesky things called borders and major steps taken toward creation of a North American Union."

That is cringe-producing rhetoric for Republicans who are straining to show they are, simultaneously, tough on illegal immigration yet empathetic with the nation's growing bloc of Hispanic voters.

And yes, that's important to, among others, Mr. McCain, who faces a tough election this year not for the White House, but to keep his Senate seat in Arizona, a state with a heavy Hispanic population.

As political parties have learned repeatedly over the years, the virtue of independent, grass-roots movements is that they can activate legions of previously apathetic voters. The problem with those independent movements is that they are exactly that—independent.

FROM PAGE ONE

AIA deal shifts Asian landscape

By Jonathan Cheng

HONG KONG—**Prudential** PLC's planned purchase of the Asian life-insurance operations of **American International Group** Inc. would dramatically alter the industry in Asia, instantly making the British insurer the leading player in a market that has become vital to the future of the global insurance industry.

At the same time, the merger could face regulatory concerns in markets such as India or mainland China, where AIA is the only foreign insurer permitted to operate a fully owned entity.

Prudential would control a merged entity that would be the largest insurer in at least seven Asian markets, including Hong Kong, Singapore, Malaysia, Indonesia and the Philippines, adding AIG's agency force of 250,000 to Prudential's network of about 420,000 agents in Asia.

Prudential's bet would position it to benefit from Asia's growing demand for insurance, as consumers shift savings from cash to insurance and investment products. McKinsey & Co. predicts 40% of the growth in the global life-insurance industry over the next five years will come from Asia, with gross premiums growing to as much as $950 billion by 2012, 50% more than in 2007, according to the consulting firm.

In **American International Assurance** Ltd., or AIA as AIG's Asia unit is known, Prudential would take control of a unit that has run a strong business despite huge problems at the U.S. parent. That is thanks in part to AIA's longstanding practice of separate branding from AIG, as well as its deep historic ties to the region. Over the past year, AIA splurged on a splashy rebranding campaign that included billboards and television commercials throughout the region. It also renamed the former AIG Tower in downtown Hong Kong as AIA Central.

After AIG's bailout by the U.S. government, policyholders in Asia mostly stuck with the firm, despite an initial panic that led customers to line up outside AIA's Hong Kong and Singapore offices in September 2008 to check on their policies or cash out. An array of company perks, as well as a general regulatory and customary taboo on poaching agents, managed to keep top AIA agents from jumping ship.

Prudential executives know AIA's businesses well. Barry Stowe, an executive director of Prudential PLC and chief executive of Prudential's Asian business, was an 11-year Hong Kong-based veteran of AIG, while Tony Wilkey, chief executive of insurance for Prudential, came over from AIA, where he was deputy president. Both Messers Stowe and Wilkey, who left AIG for Prudential in 2006, declined through a spokesman to comment.

The combined entity would control about a quarter of the market in Hong Kong and Indonesia, and as much as a third in Singapore and Malaysia. The deal would transform Prudential into a major player in Thailand, where by one metric AIA's 38% market share dwarfs Prudential's approximately 1% share. In total, Prudential has about 11 million customers spread across 12 Asian markets. (Prudential PLC isn't related to U.S insurer Prudential Financial Inc.)

Regulators may have concerns about tie-ups, particularly in markets such as Malaysia or India. Prudential already has a joint venture in India with ICICI Bank, and the Indian government allows foreign players to have an interest in only one insurer in the country. In India, AIG has 26% of a joint venture with Tata Group.

The new company would also have to decide how it wants to proceed in China, a potentially lucrative market that is dominated by domestic players. AIA has a 1% to 2% market share there, according to analyst estimates, but it is the only foreign company with a full license there, after years of lobbying Chinese leaders.

Other foreign players are restricted to 50% joint ventures, such as Prudential's tie-up with Citic Group. That joint venture is among the largest in China, with new business volumes up 18% in 2009, worth £45 million ($68.6 million) to Prudential.

It may also be difficult for Prudential to integrate AIA's 250,000 agents and 20 million customers, given the two insurers' long-running rivalry.

On the ground, Prudential and AIA both rely on "tied agents" who exclusively sell one company's life-insurance policies and investment-linked insurance products to customers throughout the region. For decades, it was common for individuals in countries such as Singapore, Malaysia and Thailand to buy insurance policies from family members, friends and trusted acquaintances. Insurance agents also often recruited housewives and college students to help sell policies.

In recent years, Prudential has taken steps to expand its distribution by partnering with retail banks that are trying to cross-sell insurance and investment products. But the agency force, which is largely relationship-driven, remains the key source of sales. For AIA, agents are regarded as the lifeblood of a company that has been slower than its rivals to diversify into direct-selling and bank-channeled insurance.

AIG's sale of its Asian unit marks the end of an era for AIA, which was founded by San Francisco Bay Area native Cornelius Vander Starr in Shanghai in 1919. AIG was among the first major insurers with operations in Thailand, Malaysia and the Philippines.

Prudential's buyout would scuttle previously announced plans for an AIA initial public offering.

It is unclear what role, if any, was played in the Prudential deal by Edmund Tse, a well-connected Hong Kong native who ran AIA for nearly a half-century and was involved in arranging AIA's now aborted public listing, according to a person familiar with the matter. An AIA spokeswoman didn't respond to requests to speak to Mr. Tse.

Mr. Tse, now 72 years old, retired last March but still advises AIA, where former executives describe Mr. Tse as having commanded an aura of near "reverence" on par with former Chief Executive Maurice "Hank" Greenberg's outsized presence at AIG.

—Serena Ng and Amy Or contributed to this article.

Prudential to buy AIG Asia unit

Continued from first page

the New York Fed.

AIG was the single largest recipient of a taxpayer-funded aid in the bailout. The company remains far from weaning itself from the government lifeline it received in 2008. These two deals would cover roughly half the $97 billion AIG is trying to repay the U.S. government.

Government officials support the Prudential deal because it will generate $25 billion in cash to repay taxpayers, versus $15 billion they were hoping to get from an initial public offering of AIA, planned for the coming months on the Hong Kong stock exchange.

AIA and Alico are by far the two biggest chunks of AIG that it previously committed to sell as part of its push to pay back U.S. taxpayers, who own nearly 80% of the company following its rescue in 2008 near the worst of the financial crisis. Other sales over the past 14 months fetched a total of $5.6 billion.

The AIA deal would be the largest acquisition since **Exxon Mobil** Corp. agreed to acquire **XTO Energy** Inc. for $31 billion in mid-December. The deal, along with last week's deal by **Coca-Cola** Co. to acquire the bulk of its largest bottler, could also help kick-start what has been a lethargic year for merger-and-acquisition activity so far.

AIG's ability to attract higher bids for the two businesses now, versus the depths of the financial crisis in late 2008, could be seen as a vindication of government officials' decision last year to wait for market conditions to improve before selling the businesses. Still, the company and its units face serious obstacles. They have largely been unable to access the unsecured-debt markets to raise funds, and currently have roughly $41 billion in unused borrowing capacity from the New York Fed and Treasury.

Of the roughly $182 billion the U.S. government has committed to support AIG, about $130 billion has been doled out. Under Chief Executive Robert Benmosche, AIG is working to repay about $97 billion. Of that total, about $50 billion would go to the Federal Reserve Bank of New York, while the Treasury Department is owed $47 billion. An additional $33 billion is to be paid off from AIG-related mortgage assets bought using government funds.

Many recipients of U.S. government aid have repaid taxpayers, including banks that got $130 billion of the $205 billion injected into the industry. Several of the biggest recipients still owe sizable amounts, including lender GMAC Financial Services and auto maker General Motors Corp. GM owes $5.7 billion in cash to the U.S. government. The Treasury Department also invested roughly $50 billion more in GM that was converted into a 60% stake in the auto maker.

"In considering two viable, very attractive alternatives to successfully monetize AIA, including an initial public offering, we decided that a sale to Prudential enables AIG to realize value on a faster track to repay U.S. taxpayers," Mr. Benmosche said in one of the statements Monday.

AIG shareholders cheered the deal. The company's stock was up 6.5% midday Monday on the New York Stock Exchange.

Mr. Benmosche has said AIG plans to keep a global property-and-casualty insurance business called Chartis, and its domestic life-insurance and retirement-services business, recently rebranded as SunAmerica Financial Group, as its core businesses after selling off other assets.

AIG also owns a giant aircraft-leasing company, International Lease Finance Corp., but hasn't been able to find a buyer for the entire operation. AIG now is looking to sell some of the unit's aircraft assets. Meanwhile, AIG is addressing the unit's difficulty in raising funds in credit markets since the financial crisis. AIG also has consumer-lending and mortgage-insurance units that are struggling to recover.

The two foreign life-insurance businesses, AIA and Alico, weren't responsible for AIG's financial crisis and near collapse in the fall of 2008, which was caused largely by soured mortgage-linked trades put on by a noninsurance division that specialized in derivatives.

Credit Suisse Group, Lazard Ltd., HSBC Holdings PLC and J.P. Morgan Chase & Co. advised Prudential on the deal. Goldman Sachs Group Inc., Blackstone Group LP and Citigroup Inc. advised AIG. Morgan Stanley advised the New York Fed.

—Peter Stein contributed to this article.

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Helping recruiters see students

By Diana Middleton

When Elatia Abate, global director of recruitment and strategy for **Anheuser-Busch InBev**, began scouting M.B.A. hires from the class of 2009 in earnest, she visited a handful of schools the beer maker considered to have the brightest graduates. But the schools that didn't make Ms. Abate's list for campus visits were still vying for her attention. If Ms. Abate couldn't come on campus, the schools' career counselors said, would she interview students via video? Although Ms. Abate prefers in-person preliminary recruiting, complete with beer tasting, she does grant video interviews for out-of-the-way students with the right background. "If you have a compelling story, we'll take a look," she says.

That's in stark contrast to the normally regimented M.B.A. recruiting process, in which companies descend on campus for days-long sessions devoted strictly to interviews. With fewer jobs to fill and employers reticent to boost travel budgets for on-campus recruiting, business schools are getting creative about helping students land jobs.

Business schools are doing everything from building video-equipped studios on campus for remote interviews, to teaming up with other schools to fly students to meet hiring managers. Some are even willing to pay for hotel rooms for recruiters to get them to visit. "The days of having a row of interview rooms booked solid is over," says Sunil Chopra, interim dean of Northwestern University's Kellogg School of Management.

Indeed, some schools say recruiter visits are down 20% over last year. The M.B.A. Career Services Council, an association that reports on M.B.A. employment, says that 79% of recently surveyed business schools saw a decline in on-campus recruiting for full-time jobs last fall. "I've had to spend more money from our budget to comp hotel rooms [for recruiters] than I have in the past," says Mark Brostoff, associate dean and career-services director at Washington University's Olin Business School. "But we do this to accommodate companies who have hired our graduates before."

For smaller programs that lack the critical mass of graduates to attract a plethora of employers, video interviewing is one way to get more attention, says Arlene Hill, director of career services at American University's Kogod School of Business in Washington, D.C. Last year, just 22 employers came to meet the 70-member M.B.A. class. (A school like Kellogg will typically draw over 160 employers.) "Virtual interviews provide a way for companies to pull from multiple schools without draining all their recruiting resources," says Ms. Hill.

A number of schools in less convenient locations are adopting video technology. University of Virginia's Darden School of Business and Cornell University's Johnson School of Business have all installed video conferencing in their career centers. The costs can range from free Skype, which just requires a simple Web cam, to sophisticated teleconferencing equipment that costs upward of $6,000.

Even larger schools like the University of Chicago's Booth School of Business and the University of Pennsylvania's Wharton School have gotten on board in an effort to get their students seen by as many recruiters as possible. The schools both subscribe to **InterviewStream**, a Bethlehem, Penn., video-streaming firm that charges $2,500 to $4,000 a year for its service. The service allows recruiters to either interview candidates live or winnow out applicants using pre-programmed screening questions candidates have to answer by video, among other things.

InterviewStream counts more than 50 M.B.A. programs as clients, and sales have increased more than 200% in the past year, says Randy Bitting, chief executive officer and co-founder. "With this technology, [recruiters] don't have to stick to local schools," says Mr. Bitting. "They can cherry-pick without worrying about travel costs or time-zone differences."

Scott Pollack

In some cases, the companies themselves want to skip campus in favor of video interviewing—and not just for cost reasons. Ann Nowak, director of recruiting for professional programs at **Liberty Mutual Group**, has a handful of core schools she visits for recruiting season. With a wide pool of talent available in the tight job market, Ms. Nowak felt she should expand her range. "Sometimes I get inquiries from very strong candidates in the top 10% of their class," says Ms. Nowak of candidates for the company's 15-person corporate rotation program, which rotates employees through four different functions, including operations and strategy. "But I won't jump on a plane and go to California just to interview one or two students."

So two years ago, the Boston insurer adopted Web-based interviewing. The initiative has grown into virtual briefings and Webinars about available positions for job candidates. Ms. Nowak says the video interviews do a good job of helping her determine a match. After narrowing the pool, candidates are flown in for interviews.

Washington University is more aggressively marketing its M.B.A. students to companies with cross-country "road shows." In January, students traveled to different U.S. cities between semesters to meet with company recruiters.

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Back to the ObamaCare Future

Natural experiments are rare in politics, but few are as instructive as the prototype for ObamaCare that Massachusetts set in motion in 2006. The bills for "universal coverage" are now coming due, and it appears the state political class is prepared to do lasting damage to one of America's top-flight healthcare systems.

Last month, during what was billed as a speech about jobs and small business, Democratic Governor Deval Patrick landed a neutron bomb, proposing hard price controls across almost all Massachusetts health care. State regulators already have the power to cap insurance premiums, which Mr. Patrick is activating. He also filed a bill that would give state regulators the power to review the rates of hospitals, physician groups and some specialty providers. Those that are deemed too high "shall be presumptively disapproved."

> The Massachusetts 'model' moves to price controls.

Mr. Patrick ad-libbed that he had "a whole bunch of pals here who are in the health-care field, and I saw the color drain out of their faces." Little wonder. The administered prices of Medicare and Medicaid already shift costs to private patients while below-cost reimbursement creates balance-sheet havoc among providers. Now the governor wants to import these distortions to save the state's heavily subsidized insurance program as costs explode.

It doesn't even count as an irony that former Governor Mitt Romney (like President Obama) sold this plan as a way to control spending. As with all new entitlements, the rolling cost crisis began almost immediately. For fiscal 2010 taxpayer costs are $47 million over budget, in part due to the recession, and while the $913 million Mr. Patrick requested for 2011 is a 5% increase over 2010, spending has grown on average 6.7% per year.

Meanwhile, average Massachusetts insurance premiums are now the highest in the nation. Since 2006, they've climbed at an annual rate of 30% in the individual market. Small business costs have increased by 5.8%. Per capita health spending in Massachusetts is now 27% higher than the national average, and 15% higher even after adjusting for local wages and academic research grants. The growth rate is faster too.

Those data come from granular studies about the Massachusetts health markets published recently by the state. Not that anyone on Beacon Hill seems to have to read them, judging by their policy proposals. Besides Mr. Patrick's latest inspiration, last year a blue-ribbon commission endorsed a "global budget"—i.e., an arbitrary government limit on medical spending, with politics shaping what gets covered and what doesn't.

As in Washington, the political class and providers blame insurers, but a better culprit is the state's insurance regulation. Incredibly, the average "medical loss ratio" in Massachusetts for individual policies is 112%—that is, insurers pay $1.12 in benefits for every $1 in premiums.

This is the direct result of forcing insurers to charge everyone more or less the same rate regardless of age or health status, which makes it rational for people to wait to enroll until they need expensive coverage. It is also the result of the state's decision to merge the individual and small-group insurance markets, which transfers individual costs onto small businesses. Mr. Patrick actually justified his plan by citing small-business costs.

Another reason costs are so high is that state regulations have mandated that insurance coverage be far richer than the rest of the country. The average insurance deductible is 28% lower than the U.S. average, and the benefits are more generous with less cost-sharing. Patients are thus insensitive to the cost of care.

The insurance industry points the finger back at providers, given that over the entire Massachusetts market they usually spend 88 cents of every premium dollar on claims. But the Bay State medical system isn't wasteful by any of the fashionable measures. The Dartmouth Atlas that measures regional variation in the supposed "overuse" of care ranks the state near the U.S. middle.

Though some large hospital systems, especially in Boston, have the market power to drive prices higher, the state's own reports mainly show that the dominant reason health costs are rising is medical progress and technological innovation. Massachusetts health care, with its abundance of academic medical centers and high-quality specialists, is the envy of the world.

This is the true target of Mr. Patrick's price controls: The goal is to engineer a cheaper system through brute force so government can pay for health care for all. What inevitably suffers is the quality of care for individual patients. Thirty states imposed hospital rate setting in the 1970s and 1980s. Except for Maryland, every one of them eventually eliminated it—including Massachusetts, in 1991—partly because it didn't control costs.

And partly because it killed people. A 1988 study in the Journal of New England Medicine found that the states with the most stringent rate-setting had mortality rates 6% to 10% higher than those that didn't.

All of this is merely a preview of what the entire country will face if Democrats succeed with their plan to pound ObamaCare into law in anything like its current form. Massachusetts is teaching the country a valuable lesson in how not to reform health care, if only anyone would pay attention.

A Tale of Two Quakes

Chile's 8.8-magnitude earthquake on Saturday did fearsome damage, with 708 dead as of this writing and more to come as collapsed buildings and roads are excavated. Yet for a quake that was the fifth biggest ever measured, and several hundred times larger than the one that killed more than 220,000 in Haiti, the destruction could have been much worse. It's worth asking why it wasn't.

One reason is luck, as the quake hit offshore and away from populated areas, save for the city of Concepción. But even in that city of one million, the death toll might have been worse. That it wasn't is due in part to Chile's stricter building codes, which have been developed over long experience with quakes along the Eastern Pacific fault line.

But such preparation is also the luxury of a prosperous country, in contrast to destitute and ill-governed Haiti. Chile has benefited enormously in recent decades from the free-market reforms it passed in the 1970s under dictator Augusto Pinochet. While Chileans still disagree about Pinochet's political actions, they have not repealed most of that era's economic opening to the world.

Those reforms have allowed Chile to prosper, while many other Latin nations like once-wealthy Argentina have stagnated under the burden of Peronism. Wealthy nations have the resources to invest in safer buildings, modern health care, telecommunications and search-and-rescue capability.

The political and moral necessity of economic growth ought to be a commonplace observation, yet it is too commonly forgotten by those who have only known its benefits. That includes many in America who want government to impose limits on growth because growth often brings with it the tumult of disruptive change. They think prosperity is guaranteed, when in fact it must be earned every day and can vanish over time under the wrong policies and corrupt governance.

The rich can usually find a way to protect themselves, but it is the middle class and poor who suffer most when growth flags and nations stagnate. Sometimes it takes a tragedy like an earthquake to relearn that lesson, as we've been able to see in Chile and Haiti.

$126.9 Billion and Counting

It was another impressive three months at Fannie Mae, as Uncle Sam's mortgage finance company reported a fourth quarter loss of $16.3 billion. That wasn't quite as strong as the third quarter loss of $19.8 billion, but give Fannie's managers credit for trying.

"Through this prolonged stress in the housing market, we are helping homeowners across the country, supporting affordable housing, and providing financing to keep the residential markets functioning," declared Fannie president and CEO Mike Williams, in explaining the losses. It takes skill and determination to lose that much money, and Fannie seems up to the task.

Keep in mind that losing money is now Mr. Williams's job. Fannie and its sibling Freddie Mac became wards of the Treasury in 2008, after years of denying that they posed any financial risk to taxpayers. But rather than wind them down, or at least limit their losses, the Obama Administration has ordered them to modify hundreds of thousands of mortgages in an attempt to avoid foreclosures.

> Fannie Mae's election-year loss duty.

The companies are doing this with gusto, adding to the losses they have on the subprime and "liar loans" they piled up during the housing bubble they did so much to create. According to Fannie's 10K filing with the SEC, the company lost $26.4 billion in 2009 from participating in the Obama Administration's Home Affordable Modification Program.

Taxpayers will still pay for this in the end, but Treasury would rather have the losses laundered through Fan and Fred than have Congress vote for new bailout money. So last Christmas Eve, Treasury announced that it was lifting the $400 billion loss cap on the two companies, creating a potentially unlimited liability. And late Friday, Fannie announced that it has asked Treasury for $15.3 billion more to cover its anticipated losses. For those keeping score, that's $76.2 billion so far in taxpayer commitments to Fannie, with much more to go.

Freddie reported last week that it lost $6.5 billion in the fourth quarter and $21.6 billion for all of 2009. Freddie has so far received $50.7 billion from taxpayers, and it said last week "we expect to make additional draws" on Treasury in the future. Add Fan and Fred together, and taxpayer losses so far are $126.9 billion, and counting. When the government costs of the financial meltdown are added up, Fan and Fred will be the biggest losers.

Oh, and we almost forgot: Last week, Secretary Timothy Geithner told Congress that Treasury will wait until next year to propose a plan to reform the companies so this catastrophe doesn't happen again. Never mind that Treasury says it's essential to re-regulate the rest of the financial services industry right now, without delay.

While we're waiting, we can sleep well knowing that the executives at Fan and Fred are giving their all to lose even more money for the good of the nation, or at least of politicians in an election year.

OPINION

The Days of Others

[Bookshelf]

365 Art Days in China and Germany
By Huang Rui
(Thinking Hands, 530 pages, 680 yuan)

BY ILARIA MARIA SALA

"365 Art Days in China and Germany" is one of the boldest books to be openly published in China in a long time. It is also one of the subtlest, a trait that has allowed it to evade the country's censors. The result of an extensive project coordinated by Huang Rui, a founder of the 798 Art Space in Beijing, the book incorporates the works of 200 artists from Germany and China to commemorate that most significant year in contemporary history: 1989.

What happened that year is of course discussed openly in Europe and many other parts of the world, but not in China. The student-initiated protests that brought millions of people onto the streets of Beijing and many other Chinese cities, and the suppression that put an end to them, remains a delicate topic to write about on the mainland. If in Eastern Europe it represents the year when communism started to finally die and the Berlin Wall came down, in China it is the year when political reforms were violently cast aside.

Mr. Huang explains that the book "follows the time flow of an entire year." Half of the works come from Germany, the other half from China, to create a flow of visual impressions that cover every single day of 1989, from Jan. 1 to Dec. 31. Each two-page spread showcases one piece of art from China and one from Germany, rarely overtly political, taken from 1949 (when the People's Republic of China and the Democratic German Republic were both founded) to 2009. These tell the story of a year of "victory and tragedy" full of "special memories," Mr. Huang says.

There is no straightforward "daily theme"—the text and images are ostensibly unrelated. As reproductions of contemporary art works or art photos, they become meaningful because they color a mood behind the events, overlapping like many unrelated threads that eventually form a pattern. Because the reader knows what in fact happened on those days, the images collectively evoke a historical feeling.

This large, beautiful volume records everything with very few words—one large picture per page and a caption underneath, in both English and Chinese. Occasionally, a line recalls a major event of the day. On Jan. 3, the book records that the Russian newspaper Izvestia got its first commercial advertisement. Above, a photograph by Li Yingjie shows a small kiosk outside a Chinese art gallery with reproductions of very chaste artistic nudes starting to make their first timid appearance in a country that was—and is—still uncertain of the boundary between nudes and pornography. Jan. 15 sees a blurry, haunting shot by German photographer Gherard Gabler of the breaking up of an unauthorized demonstration in Leipzig.

One critical year in the lives of two countries, told through art.

Every page is rich with the weight of attention: May, when China's protests were at their most widespread, starts with a dramatic shot by Zhang Tongsheng of ruins left by the Sichuan earthquake in 2008, with a red Chinese flag on top of the rubble. In the preceding pages, the curfew that was imposed on the Chinese capital is mentioned, as are terse references to the building tension in Beijing.

On June 4, the day when Beijing woke up to the sounds of gunfire and tanks, the page is left powerfully blank. Only a Buddhist saying printed in pale gray ink breaks the silence: "There is Color in Emptiness." Underneath, the lines: "A democratic election is held in Poland. The candidate from the Solidarity Party is elected prime minister. A natural gas explosion near Ufa, Russia, kills 645 people as two trains passing each other throw sparks near a leaky gas pipeline."

The year rushes forward, one picture after another, one impression after another: memories, art experiments, joys, sorrows and upheavals, mysteriously overlapping in two lands that all of a sudden seem fated to be linked. Sometimes, the connection with the date in 1989 is obvious and completely natural, as on July 9: a photograph of a pro-democracy demonstration by Martin Jehnichen taken in Leipzig, where young protesters hold hands and hoist a white banner with "Democracy" written on it in German and in Chinese characters. The events in Beijing that spring were an inspiration to many who went on to protest in the soon-to-be former Soviet bloc.

The narrative is never obvious, though. After June 4, the Chinese images are sometimes dark, sometimes anguished. Paintings with entangled human limbs and a recurring absence of colors, walls, real or on canvas, cover some pages. Yet at times, unexpectedly, hope springs from the page: freshness and determination in the busy atmosphere of the Shenzhen stock exchange, or in the firm look in the eyes of a child on a train platform.

Germany, on the other hand, marches toward its day of victory with artistic ups and downs. Here a lone car speeds by in a blur; there communist militarism resurfaces in numerous parades. The artistic avant garde is busy in sometimes amusing performances that often seem to involve many naked artists in curious poses, and scenes from the street look solemn or suddenly joyous. Then, the second blank page of the collection: Nov. 9, fall of the Berlin Wall. Victory. The other half of the Buddhist saying is inked on the white paper, pale gray reciting: "There is Emptiness in Color." Next to it a reproduction of the oil painting "The Second Status" by artist Geng Jianyi, showing four large male faces opened in a glorious laugh. The wall is down, a celebration.

Subtly, powerfully, the pictures take us to the end of the year, pushing the boundaries of the possible: the book is now sold in Chinese galleries and bookshops, bringing forward its images for all to reflect upon.

Ms. Sala is a Hong Kong-based writer.

Cambodia's Court at a Crossroads

BY JAMES A. GOLDSTON

Phnom Penh

Thirty years after the end of Pol Pot's reign of terror, the Khmer Rouge tribunal is poised to release its first verdict and take on the regime's most senior surviving leaders. Yet political meddling by the Cambodian government and donor fatigue may prevent other perpetrators from ever facing trial.

The Extraordinary Chambers in the Courts of Cambodia—a hybrid court composed of Cambodian and international judges—has been an important, if limited, exercise in justice. Cambodians have packed the courtroom each day to watch Kaing Guek Eav, a former prison chief and executioner, finally held to account. Thousands more followed the proceedings on radio and television. By presenting the case publicly, the trial helped bridge the gap between younger generations of Cambodians—who do not learn about the Khmer Rouge in school and often doubt stories of victimization—and their parents and grandparents, who suffered directly under the regime.

But the real test of whether the court can fulfill its promise is yet to come. International donors met in early February in New York to review the court's budget, and will make critical funding decisions in the coming weeks. Meanwhile, Cambodian government officials—who apparently fear the prospect of judges deciding for themselves—are trying to block the potential trials of other guilty parties.

A second trial, of the four most senior surviving Khmer Rouge leaders, will start later this year or next. But last September, just as the court decided to allow investigations of five additional accused to proceed, the government stepped in. Cambodia's Prime Minister Hun Sen proclaimed, "If the court wants to charge more former senior Khmer Rouge cadres, [it] must show the reasons to Prime Minister Hun Sen," referring to himself in the third person. One month later, when the international investigating judge summoned six officials to testify, a government spokesperson said they would not comply. He warned foreign observers to "pack up their clothes and return home" if they were not satisfied.

Unfortunately, that may be just what the international community will do. Some diplomats are reportedly floating the idea of winding up operations after the second trial. Since 2006, when the court was born, the undertaking has cost $40-50 million a year. This is less than most other international war crimes courts but enough to prompt some, including major donors like Japan, to ask how much justice is enough.

Hun Sen

While this might please Cambodia's leaders, it would be a disservice to its people.

The court is admittedly an imperfect vehicle—the product of a decade of tortuous negotiations that gave the Cambodian government more influence than most international observers wanted. But it is the last chance to hold accountable those most responsible for the atrocities of the Khmer Rouge while they are still alive. And in a country where rule of law is little more than a phrase, it offers a rare opportunity to demonstrate what justice can and should look like.

To do so, the Khmer Rouge tribunal must be—and be seen to be—independent. Despite the government protests the pre-trial chamber in August authorized an investigation into two new cases, and now the judicial process must be allowed to run its proper course. In early February, a Cambodian judge serving on the court told me bluntly what is at stake: "How can we say that the court is a model of independent justice if the government does not let us do our job?"

The United Nations, Cambodia's partner in the court, has a major role to play. Secretary-General Ban Ki-moon should appoint a senior-level advisor with the title of assistant secretary-general to take on three tasks. First, make clear to Cambodia's leadership that continued threats of interference deprive the tribunal of legitimacy and undermine whatever international goodwill Phnom Penh has earned. Second, reinvigorate the court's anticorruption mechanism which, though presently moribund, remains essential to preserving public credibility. Third, marshal donor support to allow all four active cases to proceed to judicial conclusion.

To give heft to U.N. efforts, the United States could also step up its engagement. To date, Washington has taken a back seat, contributing just $1.8 million to the court. That's inconsistent with America's historic responsibility as a former backer of the Khmer Rouge and its global interest in fostering respect for law. If a suitable U.N. advisor is designated, then the U.S. should go ahead and approve the $5 million appropriation currently in the pipeline for fiscal year 2010. And Washington could consider giving more, conditioned on a commitment from the government of Cambodia to preserve judicial independence, end staff appointment delays and curb corruption.

If Hun Sen fails to deliver on these reforms, it is he who will bear responsibility for pulling the plug on the tribunal—not the international community. In the meantime, greater international commitment is needed if this fragile experiment is to succeed.

Mr. Goldston is executive director of the New York-based Open Society Justice Initiative, which monitors the Extraordinary Chambers in the Courts of Cambodia.

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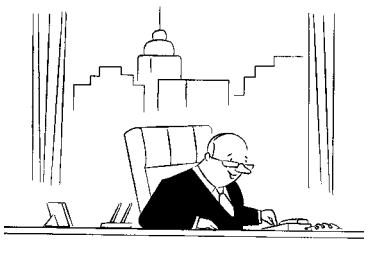


"Paula, send in someone who agrees with everything I say."

OPINION

Why Financial Reform Is Stalled

By Peter J. Wallison

According to the media's narrative about Washington, the Obama administration's financial regulation proposals have not gotten through Congress because the town is gridlocked by partisan warfare. It's a simplistic story that does not require much thought to generate or accept.

Here's a better explanation: The proposals are not grounded in a valid explanation of what caused the financial crisis, reflect the same impulse to control a sector of the economy that underlies its health-care and cap-and-trade proposals, and more than anything else reflect Rahm Emanuel's iconic motto for all statists that a good crisis should never go to waste.

The administration's plans are flawed, and they're encountering resistance from both sides of the aisle.

The administration appears to have begun its regulatory reform effort with the idea propagated by candidate Barack Obama that the financial crisis was caused by deregulation. There was never any evidence for this. The banks, which were in the most trouble, are the most heavily regulated sector of the economy and their regulation has only gotten tighter since the 1930s.

Since its proposals first met with congressional opposition, the administration has been impervious to contrary evidence, and to this day it continues to lunge for ideas that will further government control of the financial system without giving them serious thought. So we have the spectacle of Paul Volcker, having recently persuaded Mr. Obama to back the idea of restricting proprietary trading by banks or bank holding companies, telling a puzzled Senate Banking Committee he can't really define proprietary trading but knows it when he sees it. Didn't anyone in the White House ask him what it was before the president moved to restrict it?

So it goes with the rest of the administration's plan. More power to Washington, but neither a persuasive analysis of why that additional control was necessary nor a recognition of the fairly obvious consequences.

For example, the central element of the administration's reforms was to give more power to the Federal Reserve. That agency was to become the regulator of all large nonbank financial companies deemed likely to cause a systemic breakdown if they fail. These companies—securities firms, hedge funds, finance companies, insurers, bank holding companies and even the financing arms of operating companies—were to be regulated like banks.

It didn't take long for both Democrats and Republicans in Congress to see the flaws in this scheme. The Fed had been regulating the largest banks and bank holding companies for over 50 years—among the very companies that would be considered systemically important—yet it failed to see the risks they were taking or the impending danger.

How, then, did it make sense to give the Fed the vast additional power to regulate all the largest nonbank financial companies? Wouldn't designating particular companies as "systemically important," and subjecting them to special Fed regulation, signal to the markets that these companies were too big to fail? How was that a solution to the too-big-to-fail problem? And wouldn't these big companies—designated as too big to fail—then have the same preferred access to credit that enabled

Martin Kozlowski

government-sponsored enterprises Fannie Mae and Freddie Mac to drive all competition from their market?

Then there is the proposal to give a government agency the authority to take over and "resolve" failing financial firms. Here, the administration has pointed to the chaos that followed the bankruptcy of Lehman Brothers in September 2008. To prevent that kind of breakdown, the administration says all large and "interconnected" financial firms in crisis should be dealt with by a government agency, rather than by a judge in bankruptcy proceedings.

The term "interconnected" is important here. It implies that when one large firm fails it will carry others down with it, causing a systemic crisis. But that is clearly not the lesson of Lehman. Although the company went suddenly and shockingly into bankruptcy, none of its large financial counterparties failed. The systemic significance of "interconnectedness" proved to be a myth.

To be sure, there was a freeze-up in lending after Lehman. But that episode demonstrated the power of moral hazard—the tendency of government action to distort private decision-making. After Bear Stearns was rescued by the Fed in March 2008, market participants assumed that all companies larger than Bear would be rescued in the future. As a result, they did not take the steps to protect themselves against counterparty failure that would have been prudent in a panicky market. When Lehman was not rescued, all market participants immediately had to review the credit standing of their counterparties. No wonder lending temporarily froze.

* * *

The same failure to understand the power of moral hazard is what makes the administration's call for a resolution authority most inapt and troubling. Although the administration has argued, and some in Congress believe, that moral hazard and too-big-to-fail would be curbed by a resolution authority, the opposite is true. Both would be enhanced.

This is because the principal danger of moral hazard—the key to its adverse effects on private decision-making—is its impact on creditors and counterparties. The fact that shareholders and managements will lose everything in a government resolution is largely irrelevant. What really matters are the lessons creditors draw about how *they* will be treated. And it is clear creditors will be treated far more favorably in a government resolution process than in a bankruptcy.

To understand why this is true, consider the administration's reasons for preferring a government resolution process. The claim is that large, interconnected firms will drag down others when they fail. The remedy for this is to make sure their creditors and counterparties are fully paid when the takeover occurs. That's why the Fed made Goldman Sachs and others whole when it rescued the insurance giant AIG. It's also what distinguishes a government resolution process from a bankruptcy, where a stay is imposed on most payments to creditors when the bankruptcy petition is filed.

Creditors will realize that by lending to large companies that might be taken over and resolved by the government, their chances of being fully paid are better than if they lend to others that might not. Thus a resolution authority will enhance moral hazard not reduce it—and as creditors increasingly assume that large firms will be rescued, the too-big-to-fail phenomenon will grow, not decline. In the end, a resolution authority becomes, in effect, a permanent Troubled Asset Relief Program.

The image of partisan gridlock standing in the way of sensible financial regulation is wildly misleading. Twenty-seven Democrats in the House voted against the Barney Frank bill that mostly mirrored the administration plan. Democrats and Republicans in the Senate Banking Committee revolted against the first bill offered by Chairman Chris Dodd. That bill adopted most of the administration's flawed ideas.

Now Mr. Dodd is trying to negotiate a Plan B. But the longer he channels the White House, the longer it will take to get a bill that both Democrats and Republicans can support.

Mr. Wallison is a senior fellow at the American Enterprise Institute.

India's Budget Bore

By Suman Bery

Investors reacted with a yawn to Friday's budget presentation by Indian Finance Minister Pranab Mukherjee—the Mumbai market closed almost flat on the day. That was less an endorsement of the government's reform agenda and more a sigh of relief that the Minister was prepared to reduce the fiscal deficit after two years of a major expansion.

Mr. Mukherjee mostly accepted the recent recommendations of the 13th Finance Commission, a government committee that by law recommends reforms to the president. For the first time, Delhi has signed up to a fiscal adjustment path explicitly designed to cap domestic government debt, reducing fears of a clash between public-sector spending and the private sector's financing needs. That is what markets were probably initially cheering.

But in other ways the budget disappoints. Back in July, Mr. Mukherjee had optimistically promised that India's states would adopt an integrated goods-and-services tax by the start of the new fiscal year on April 1. A GST will be a major step toward integrating the domestic market and will allow a myriad of state and local taxes to be refunded to exporters, improving their competitiveness. But thanks to various constitutional and implementation problems, the tax's introduction has been postponed by a year.

Another measure unveiled last July was a complete reform of India's fiendishly complicated and exemption-ridden system of direct taxation. The intention was always to have the new direct tax code take effect from April next year; however it was widely expected that the draft legislation would be unveiled in this budget. Here, again, Delhi was forced to extend the time for consultation.

Equally worrying was the government's inability or unwillingness to deregulate gasoline and diesel fuel prices. Despite India's heavy and growing dependence on imported crude oil, the government doesn't automatically pass on price fluctuations to final consumers of gasoline, diesel, kerosene and bottled cooking gas. This creates huge problems for publicly owned energy companies, which are stuck paying the price differential, and for Delhi, which has to provide budgetary support by periodically issuing oil bonds. The price controls have also effectively shut down the private energy distribution sector.

Friday's plan wasn't a disaster, but it didn't advance reforms, either.

I was a member of a government panel tasked at the time of the last budget to give policy makers ideas on how to fix these problems. For both fiscal and equity reasons we recommended a flexible pricing regime for petrol and diesel, with upward adjustment in the prices of kerosene (largely used for rural lighting) and bottled cooking gas, as had two separate panels before us.

The finance minister's response in Friday's budget was distinctly underwhelming: "decisions on (the panel's) recommendations will be taken by my colleague, the Minister of Petroleum and Natural Gas, in due course." At the same time, he reintroduced customs duties on imports of crude oil that had been waived at the time of the surge in oil prices, as well as raised central excise taxes on gasoline and diesel by one rupee (two U.S. cents) a liter. The latter move was used as a trigger for an unprecedented walk-out by the opposition Bharatiya Janata Party and some members of the government's support base, even as the minister spoke.

What a missed opportunity. When the Congress Party-led government returned to power last May, investors were relieved that the government's former, antireform Communist allies were ejected from the coalition. Mr. Mukherjee is the Congress Party's most experienced minister. He was expected to explore the full potential of further liberalization, navigating as much as possible the complex waters of the Congress's coalition. And the political calendar could not have been more favorable, with the government reasonably certain to serve out its five-year term and no major state legislature election till the end of the year.

Economic reform in India remains a slow and fitful process, with considerable posturing and positioning by coalition partners and resistance by key policy makers in the core of the Congress Party itself. So investors are perhaps inclined to applaud Mr. Mukherjee for at least donning the mantle of fiscal restraint. But if he wants to hear market applause this time next year, the finance minister will have to move more aggressively to expand the liberalization that has already sparked significant growth.

Mr. Bery is director-general of the National Council of Applied Economic Research in New Delhi.

IN DEPTH

Google spars with Microsoft on number of antitrust claims

The legal maneuvering shows the company has now become the high-tech giant that some would like to hobble

Associated Press

Antitrust lawyer Charles 'Rick' Rule represents Microsoft in 1998. He is a former head of the U.S. Justice Department's Antitrust Division.

By Thomas Catan
And Jessica E. Vascellaro

Seeking $335,000 in unpaid advertising bills, **Google** Inc. filed suit against a small Internet site in Ohio in October. The complaint was so routine it was just two sentences long.

Google never expected the response it got. Last month, the small Internet site countered with a 24-page antitrust lawsuit against Google, accusing the search-engine giant of a litany of monopolistic abuses.

But what really caught Google's attention was the Internet site's legal counsel: It was Charles "Rick" Rule, long the chief outside counsel on competition issues for Google archrival **Microsoft** Corp.

"My reaction was, 'What the heck is this?' " says Mark Sheriff, an Ohio attorney who represents Google, speaking of the involvement of Mr. Rule and his powerhouse law firm, **Cadwalader, Wickersham & Taft** LLP, whose antitrust practice is based in Washington, D.C. "It's not every day that a big D.C. law firm like Cadwalader gets involved in a collections lawsuit in Ohio."

Mr. Rule also represents another small Internet firm that has brought an antitrust suit against Google. Meanwhile, in Europe, following complaints about Google that came from, among others, a Microsoft subsidiary in Germany, the European Commission has opened a preliminary antitrust inquiry into the search giant.

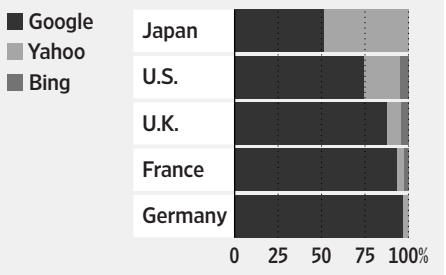
To Google, the pattern is clear: It contends Microsoft is embarking on a proxy war against it through various apparently unrelated cases, preparing the ground for a broader antitrust assault of some sort on Google's dominance in the online world. "It's become clear that our competitors are scouring court dockets around the world looking for complaints against Google into which they can inject themselves, learn more about our business practices, and use that information to develop a broader antitrust complaint against us," said a Google spokesman, Adam Kovacevich.

Microsoft calls that nonsense. It says it neither initiated nor is funding the small Internet firms' antitrust lawsuits. The plaintiffs and their legal counsel also deny that Microsoft orchestrated the actions. The Internet firms say they chose Cadwalader and Mr. Rule on their own.

Microsoft does say that a growing number of consumers, companies and governments have concerns about Google's marketplace dominance. "It's no secret that we share many of these concerns," said a Microsoft spokesman, Jack Evans. "It shouldn't come as any surprise then that we frequently hear from parties who believe they've been harmed by Google, or

Global clout

Search-advertising market share for the fourth quarter 2009



Source: Efficient Frontier

that we would encourage anyone who appears to have a legitimate complaint to contact the appropriate authorities."

The legal maneuvering, at a minimum, shows that Google—with nearly 75% of the Internet-search advertising market in America and over 90% in France and Germany—has now become the high-tech giant that some would like to hobble.

There's something of a role reversal here. For many years, it was Microsoft that had to fight off charges—from the Justice Department and from European authorities—of abusing its market power to crush rivals. The official challenges followed numerous complaints from competing software companies, such as Web-browser maker Netscape Communications Corp.

Some legal experts think Microsoft now is taking a page from those firms' playbook to try to stir up official scrutiny of its own nemesis, Google. "Microsoft is doing a lot to try and harass Google on the antitrust front," says Eric Goldman, director of the High Tech Law institute at the Santa Clara University School of Law in California.

Like Mr. Rule, other players from Microsoft's past struggles are reappearing in the new battleground. Gary Reback was an attorney for Netscape who once helped spur the U.S. to investigate Microsoft. Now it's Google he is going after. Through a group he formed called the Open Book Alliance, he is challenging Google's 2008 settlement with authors and publishers concerning electronic books, saying it gives Google an unfair advantage. The Justice Department is reviewing the deal.

Mr. Reback says this attack was his idea but his group later sought and received financial support from Microsoft, among others. The antitrust rap on Microsoft was that it bundled its Web browser with its operating system, giving its own software an advantage over that of competitors. Mr. Reback claims to see an "eerie" parallel in what Google does today as it moves into areas like video, email, maps and cellphone ads.

"They are taking over new technologies and markets, all the things I saw and worried about back in the '90s," he says. "It's Yogi Berra's deja vu all over again."

Google Chief Executive Eric Schmidt has often said greater antitrust scrutiny is inevitable as the company grows, making it more careful about some moves, though not holding it back. Mr. Kovacevich, the Google spokesman, says, "We work hard to put our users' interests first and to compete fair and square in the market."

Microsoft has been active in getting a different point of view across, often behind the scenes. It created and is the main financier of a Brussels-based group that raises concern about Google's online dominance. Called the Initiative for a Competitive Online Marketplace, or ICOMP, the group has distributed documents that suggest Google is manipulating its search results and algorithms to hurt competitors and reward business partners.

ICOMP says it represents a broad range of firms hurt by Google's dominance. Yet some members don't seem much concerned. One ICOMP signatory is a Spanish artisanal cheese maker called Artequeso, whose owner, Alfonso Álvarez, says he doesn't use computers. Mr. Álvarez said someone—he couldn't recall who—had asked him to join the group, and he signed because he opposes monopolies generally.

ICOMP legal counsel David Wood says the group isn't solely focused on attacking Google, although, he says, "it has been characterized that way by Google because [Google] doesn't like anybody to talk about what it does in anything but praiseworthy terms."

Google itself has proved ready to take the offensive in the antitrust wars. In 2009, it joined the European Union's long-running case against Microsoft, which attacked its bundling of its Web browser with its Windows operating system. In a settlement in December, Microsoft agreed to make it easier for PC users in Europe to choose which browser to install.

The small antitrust plaintiffs represented by Mr. Rule, the longtime lawyer for Microsoft, accuse Google of such tactics as lowering its "quality score" of their sites, with the result that their ads cost more or appear less prominently in searches.

Google regularly tweaks its search algorithms—partly to stay ahead of people trying to game the system—but denies it makes any changes for anticompetitive reasons.

The litigant that initially faced a suit by Google over an unpaid bill is **myTriggers.com** Inc., whose antitrust allegations appear in Franklin County, Ohio, common pleas court. The other private antitrust suit was filed by a site called **TradeComet.com** LLC in federal court in New York; Google is trying to get it moved to California.

Mr. Rule says any notion that these cases are directed by Microsoft is "false and distracts from the serious allegations in the complaint." Officials of myTriggers and TradeComet make the same point.

Google suggests that in any case, when longtime lawyers for Microsoft represent other plaintiffs against Google, they get to see confidential Google information unearthed through discovery in those suits.

Mr. Rule, who is a former head of the U.S. Justice Department's Antitrust Division, says it isn't uncommon for law firms to represent multiple clients against the same adversary. He says the work he and Cadwalader do for myTriggers and TradeComet is unrelated to their work for Microsoft.

Microsoft's Mr. Evans says, "Since we're not parties to these lawsuits, we wouldn't be privy to the information Google might be required to share. The bigger question is what is Google afraid of others learning about their business practices?"

In a blog post, Microsoft's deputy general counsel, Dave Heiner, suggests there is nothing untoward about its raising questions about Google's behavior. "Complaints in competition law cases *usually* come from competitors," he wrote on Microsoft's public-policy blog Friday.

Besides the European Commission's informal Google inquiry, France—where Google has 93% of search advertising—is expected to investigate whether Google abuses its dominance. Google says it complies with European laws and competes fairly.

U.S. authorities are watching as well. The Justice Department's antitrust chief, Christine Varney, once represented Netscape. But before her current appointment, she indicated the antitrust focus has shifted.

"For me, Microsoft is so last century," she said in June 2008. "They are not the problem. I think we're going to continually see a problem—potentially with Google," which "has acquired a monopoly in Internet online advertising." Neither the Justice Department nor the Federal Trade Commission has given any sign of a broad investigation of Google's business behavior, although Google is undergoing reviews of narrower issues.

It has already endured probes focused on specific deals. In 2007, the FTC reviewed Google's plan to buy online advertising firm DoubleClick. After subpoenaing thousands of documents, the FTC eventually cleared the deal, but warned it would pay close attention to competition in online advertising.

A second review was more bruising. In June 2008, after Microsoft broke off merger discussions with **Yahoo** Inc., Google agreed to sell ads for some Yahoo searches. Critics led by Microsoft blasted the plan, saying it would give Google greater control over a market it already dominated.

A lobbying firm that frequently works for Microsoft helped organize a letter to Congress by farmers' groups opposing the Google-Yahoo deal. The letter said the issue was "of immense importance to rural communities that we represent."

When contacted recently, however, some signatories seemed less than worried. Larry Matlack, president of the American Agriculture Movement, said, "From my view, I wouldn't know if they've got 10% of the market or 99%. I use Google, but I'm a Kansas farmer and the president of a small manufacturing concern, and I'm computer-illiterate other than the things I have to do." He said a lobbyist had suggested he sign the letter.

Microsoft said it wasn't behind the letter. A lobbying firm called LMG, which regularly works for Microsoft, gave a different account. "We did work on this letter on behalf of Microsoft," said an LMG spokesman. "But the fact is, the groups that signed it, signed it. These are their positions. We certainly had a hand in informing people and helping people organize, but that does not mean there's anything bogus about this."

In any case, the Justice Department threatened to sue, saying Google had over 70% of the market for search advertising and providing search results to other Web sites. Attaining such power isn't necessarily illegal, but using it to disadvantage competitors can be. Google and Yahoo abandoned their plan to cooperate. Soon after, Yahoo teamed with Microsoft on a search deal.

So far, Google has managed to deflect most other efforts to slow its expansion. In November, it charged into the field of cellphone advertising by agreeing to buy a firm called AdMob. Anticipating scrutiny, it coupled the announcement with a defense of the competitiveness of the deal. The FTC is reviewing it.

Santa Clara University's Mr. Goldman expects Google will have to keep navigating a legal and regulatory minefield. "If everyone starts piling on, Google might have to change its basic business."

—Nick Wingfield and Charles Forelle contributed to this article.

Google CEO Eric Schmidt, pictured in Davos in January. He has often said greater antitrust scrutiny is inevitable as the company grows.

Bloomberg

Under scrutiny

2007: Federal Trade Commission reviews Google's acquisition of ad company DoubleClick; clears the deal.

2008: Department of Justice says it would sue to block Google's search partnership with Yahoo. Companies abandon deal.

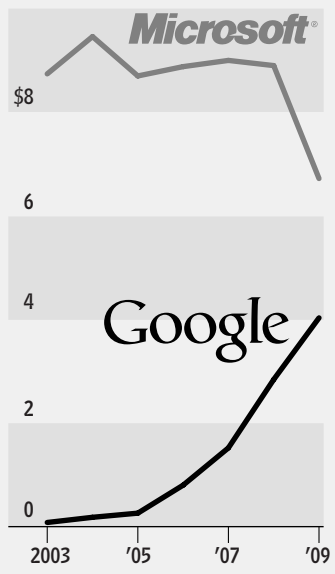
2009: DOJ opens an investigation into Google's settlement with authors and publishers that would allow Google to distribute digital books. Investigation is ongoing.

FTC opens inquiry into overlapping directors on Google and Apple boards. Google CEO Eric Schmidt resigns Apple board.

FTC reviews Google's attempt to acquire mobile ad company, AdMob. Review is ongoing.

2010: European Commission opens a preliminary antitrust inquiry into the search giant, following three complaints from European Web sites.

Total lobbying expenditures, in millions



Source: Center for Responsive Politics

To Google, the pattern is clear: It contends Microsoft is embarking on a proxy war against it through various apparently unrelated cases, preparing the ground for a broader antitrust assault of some sort on Google's dominance in the online world. Microsoft calls that nonsense. It says it neither initiated nor is funding the small Internet firms' antitrust lawsuits.

THE WINTER OLYMPICS: VANCOUVER 2010

Games end with a wink and a smile

By Phred Dvorak

Vancouver ended its time hosting the 2010 Olympic Games on a light-hearted note, with a closing ceremony that featured floating moose, dancing Mounties and gigantic cut-out hockey players wearing the gold medals Team Canada had won hours before.

The upbeat ending was in stark contrast to the grim beginning of these Games, which were marred by protests, the death of a Georgian luger, and then by unseasonably warm weather that left organizers postponing events and trucking in snow on Cypress Mountain.

"You took on a stubborn mountain with all your might," said Vancouver Organizing Committee CEO John Furlong, lauding the Games' blue-garbed staff in a speech during the ceremony. "The final result: Blue Jackets 1; Cypress Mountain weather zero."

During the closing ceremony, Vancouver passed the baton to Sochi, Russia, which will host the 2014 Winter Games.

Agence France-Presse/Getty Images

European Pressphoto Agency

The closing ceremonies of the Vancouver Olympic Games included performances around the Olympic cauldron and a musical number by Michael Buble. A crowd of 60,000 people jammed into BC Place Stadium for the event, an upbeat celebration contrasting with the moment of silence at the opening ceremony Feb. 12 for Nodar Kumaritashvili, the luger killed in a training run earlier that day.

FROM PAGE ONE

South Korea works overtime to tackle vacation shortage

Continued from first page

employees develop tours, promote the country and should, theoretically, know a few things about taking time off. A few months later, he called a company-wide staff meeting where he announced he wanted everyone to take at least two weeks off in 2010.

"I didn't take it very seriously," says KTO employee Seo Dong-woo, who helps plan tourism promotions and figures he's taken, at most, five days off in a year. "I thought: 'Is that really possible?' "

It wasn't. Mr. Lee's staff told him it was too much to expect workers to miss two weeks in a row, so the boss scaled the plan back to seven days off in a row.

Mr. Seo still hasn't finalized his own plans.

Many workers, and the country's media, have cheered the government initiative.

There's hope it will spill into the private sector, where vacation-shirking is also rampant. SK Telecom Co., a leader in tearing down old workplace hierarchies, says its workers take five to 15 of their available 22 days off. At LG Electronics, the average is 10.

Hyundai Heavy Industries boasted last month that its top managers would work mid-February's Lunar New Year's holiday, visiting foreign plants. "Every year Hyundai Heavy's top management carries out the MBWA (Management By Wandering Around) policy during national holidays and summer vacations to check project progress and to have meetings with owners," it said in a news release.

Some workers say they don't know what to do with the free time. Others are protesting the state's vacation push, accusing leaders of trying to save money: In many government agencies, employees are rewarded with extra pay for unused vacation days.

"You should be able to take a vacation whenever you feel like," says Yoon Jin-won, spokesman for the Korean Government Employees' Union, the biggest union of government workers. "When the government forces you to do it, I would say it violates human rights in a sense."

South Koreans worked an average of 2,316 hours in 2007, the latest year for which data are available. That's down from 2,592 a decade earlier but still well above the average of 1,768 for the 30 countries in the OECD and 1,794 in the U.S., according to the OECD.

South Korea's productivity, however, ranks below all but some former Soviet bloc countries among OECD members.

The KTO's Mr. Lee says he's trying to persuade South Koreans that vacation can recharge batteries and spur creativity. In interviews in the Korean media, he preaches the "three joys" of vacation—the joy of planning one, of being on one and of remembering it later.

South Koreans often miss that formula, Mr. Lee says. "They go when the opportunity arises, usually very spontaneously. And because they didn't prepare well, they have a lot of stress and usually have to pay more. And when they get back, instead of having nice memories, they feel tired and stressed out and think, 'Never again.' "

The government's focus on the vacation problem began when President Lee Myung-bak brought up the survey to cabinet members last July. Later, the culture minister began urging people to use their full vacation time, and the president appointed Mr. Lee, the naturalized German, to head the KTO.

But noncompliance can be found even at the core of the government's efforts. The official at the Ministry of Public Administration and Security who wrote and issued the 16-day vacation requirement last month was Kim Jin-soo, a director in the ministry's personnel management office. Mr. Kim says he took no time off last year.

When he and his staff got together to organize vacation days after his directive, others took time in January. Mr. Kim scheduled his day off for Feb. 1, a Monday, planning to use the three-day weekend to visit his hometown about three hours from Seoul. But then, Mr. Kim says, "Something came up so I couldn't go."

His sister, Kim Jung-ja, who planned to host him, says she wasn't surprised.

"Our mother passed away three years ago, and he couldn't visit often while she was alive, either," she says. "I think he is like the busiest person in the whole world."

So the author of the government's vacation policy deferred his planned time off to the big Lunar New Year holiday last month.

Contacted after the holiday, Mr. Kim said 43% of his ministry's staff added two extra days to the long weekend. He wasn't among them.

"There are so many things to take care of" at work, he said. "I am thinking about taking vacation in March."

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BUSINESS & FINANCE.

Tuesday, March 2, 2010 THE WALL STREET JOURNAL. asia.WSJ.com

AIA throws Hong Kong a curveball

Asia Deal Journal

BY PETER STEIN

HONG KONG—**Prudential**'s deal to buy **American International Assurance** for $35.5 billion has resulted in one major casualty: what would have been a milestone initial public offering for the Hong Kong Stock Exchange. The silver lining, however, could be a dual listing in Hong Kong following the takeover, which Prudential said it would consider seeking in addition to its main listing in London.

The AIA offering was expected to raise about $15 billion, which would have made it one of the biggest IPOs in the world this year, outshining Dai-ichi Mutual Life Insurance's plans to raise as much as $11.8 billion in Tokyo.

Hong Kong's exchange, already the primary venue for trading shares in China's biggest listed companies outside of the tightly restricted mainland market, has been keen to build up its brand as an international center for fund raising. Winning over AIA's parent, American International Group, as the favored site for the listing of the world's biggest pan-Asian insurance company was a coup in that effort.

Last year, more money was raised through IPOs in Hong Kong than in any other exchange globally. But this year, it was already expected to fall behind Shanghai on that score, according to forecasts by Ernst & Young. The loss of AIA could represent nearly a third of the $47.7 billion in IPO funds that Ernst & Young expected to be raised in Hong Kong in 2010.

Ronald Arculli, chairman of **Hong Kong Exchanges & Clearing**, the exchange's parent company, said Monday that "clearly, there's a sense of disappointment." There is more uncertainty concerning a potential future dual listing, which would have to wait for the close of the deal. But "I don't think it's a loss" for the exchange, Mr. Arculli said, if the listing eventually takes place and Prudential ends up becoming a widely traded stock in Hong Kong for decades to come.

Investors didn't seem too worried: Despite reports of an imminent Prudential deal for AIA, HKEx shares rose 3.2%, outpacing the Hang Seng's 2.2% rise.

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HSBC's net inches higher

Trading profit makes up for declines in income from interest, fees; stock falls by 5.2%

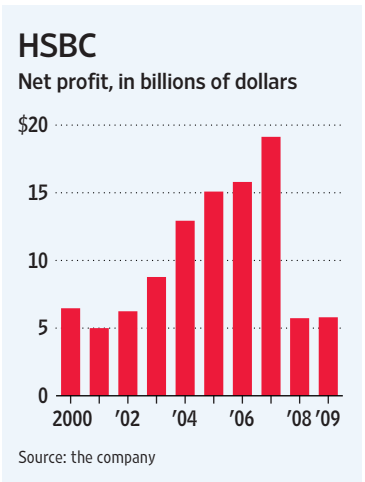
BY PATRICIA KOWSMANN AND MARGOT PATRICK

LONDON—**HSBC Holdings** PLC reported a slight rise in full-year net profit, helped by its investment-banking division, but bad-debt charges continued to rise and its Asian operations disappointed analysts.

"The HSBC figures are light," analysts from Nomura said in a note, saying the shortfall relative to expectations "appears to have been concentrated in Asia ex-Hong Kong, which is a key part of the growth story and is disappointing."

HSBC's net profit for 2009 was US$5.83 billion, up from US$5.73 billion in 2008. The results, released Monday, were below analysts' expectations of $6.4 billion.

On a region-by-region basis, HSBC said, pretax profit from Europe was down 63% at $4 billion, while Hong Kong posted a 8% drop to $5.03 billion. The rest of the Asian-Pacific region reported a pretax profit of $4.2 billion, down 11%.



In North America, the pretax loss narrowed to $7.74 billion from $15.53 billion.

HSBC reported US$26.49 billion in full-year bad-debt charges and credit-risk provisions, up from US$24.94 billion in 2008, a level it called "acceptable" given the severity of the global recession and the rise in unemployment in most developed markets.

The bank said charges for bad debt at its U.S. consumer-finance business are coming down, reflecting the portfolio's shrinking over time as loans mature. The bank has stopped issuing loans in that business, and has modified more than 104,000 loans to make it easier for borrowers to keep up with their payments.

"If economic and unemployment trends develop in line with our expectations, and in the absence of unforeseen events, loan-impairment charges should decline in 2010," Chief Executive Michael Geoghegan said.

Mr. Geoghegan confirmed that he will donate to charity the £4 million (US$6.1 million) bonus he was awarded for 2009, saying he won't take a pay increase for 2010, highlighting the level of public anger in the U.K. regarding pay for top bank executives.

In a statement, Mr. Geoghegan said he accepted his bonus, consisting entirely of deferred stock to be paid over three years, in order to make up for a shortfall in his charitable donations the year before, when he waived his right to any bonus. "Provided that the stock is released, I can confirm that between now and 2013 I will give up to £4 million to charities around the world, including important causes in Hong Kong and in the U.K., where I was a resident for six years until January this year," he said. Mr. Geoghegan moved to Hong Kong late last year to support the bank's focus on Asia.

HSBC said Mr. Geoghegan's salary for 2010 will be 13.49 million Hong Kong dollars (US$1.7 million), roughly equivalent to the £1.07 million he received in 2009. It said its remuneration committee approved an increase to his salary because of additional responsibilities he has

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Toyoda concedes profit focus led to flaws

BY NORIHIKO SHIROUZU

BEIJING—Akio Toyoda said a key reason for **Toyota Motor** Corp.'s quality problems was an excessive focus on market share and profits among "some people" in the company, some of his bluntest words yet in assessing the flaws that led to widespread safety recalls.

The Toyota president made the comments at a news briefing in Beijing, the last stop on a tour of apology and explanation over the company's quality woes that started in the U.S. last week. Mr. Toyoda, who returns to Japan Tuesday, used the briefing to reassure customers in China about the company's commitment to safety, a message he also delivered earlier in the day in a meeting with Chinese Minister of Commerce Chen Deming.

Mr. Toyoda in his recent statements has repeatedly blamed excessive focus on growth for Toyota's woes, but his comments Monday were more pointed. Toyota's rapid expansion in recent years "attracted much praise from outside the company, and some people just got too big-headed and focused too excessively on profit," said the 53-year-old executive, a grandson of Toyota's founder.

Mr. Toyoda said he isn't out to find sacrificial lambs, and repeated earlier statements that "ultimate responsibility for mistakes we made now and in the past lies in me." Still, two executives close to Mr. Toyoda said the executive had several particular former top executives in mind in his comments. They declined to make the names public.

Associated Press

Toyota Motor President Akio Toyoda, right, bows during a news conference in Beijing on Monday,

The statement Monday suggests the effort to assign blame within Toyota may be picking up. Some managers with Toyota have questioned whether Mr. Toyoda, who took the president's job last June, is best equipped to lead it through the current crisis. The Toyoda family scion's allies have responded forcefully. Jim Press, Toyota's former top U.S. executive, last week said the company's problems were caused by "financially oriented pirates" opposed to the founding family who "didn't have the character to maintain a customer-first focus." Mr. Toyoda, he said, is "the only person who can save Toyota."

Mr. Toyoda said Monday that the company's misguided strategic focus warped what he called the "order of Toyota's traditional priorities" in car making: a stress on product safety and quality first, sales volume and cost second. That order "changed" when Toyota began expanding rapidly a decade ago, and aggressively increasing market-share and cutting costs became paramount.

"There was a period we became too profit oriented," he said. Mr. Toyoda said the way he plans to ensure that Toyota restores the company's "traditional focus" under his watch-indicating he has no intention of stepping down himself over the quality problems.

The Toyota executives close to

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Hyundai looks to rev up its design

Korean car maker aims to move away from low price as its prime draw as company loses edge in production costs

By Evan Ramstad

SEOUL—**Hyundai Motor** Co. on Tuesday will unveil an edgy-looking sedan concept that represents its biggest step yet in a strategy to produce a distinctive, signature look for its cars— an effort that's also key to moving beyond its reliance on low prices to drive sales.

Hyundai's concept car, called i-flow, will be the centerpiece of its display at the Geneva Auto Show this week. While such "show cars" contain advanced features and styling that don't always make it into production vehicles, the i-flow is likely to evolve into a sports sedan for the European market as soon as next year, company officials say.

The car as currently envisioned will be Hyundai's first diesel-electric hybrid. It includes other energy-saving ideas such as a solar panel on the roof and new lighter-weight materials in the seats and dashboard developed with Germany's **BASF** AG.

But the car also displays key design elements that will be incorporated into about 10 other models this year and next as the South Korean company attempts to end its long streak of a safe-looking, me-too cars and sport-utility vehicles. Some of the elements already can be found in the company's 2010 Tucson SUV and 2011 Sonata sedan.

Hyundai Motor

Hyundai's new 'i-flow' concept vehicle is aimed at giving the Korean car maker an edgier look.

In all three vehicles, strong lines emanate from the front center in a way that is meant to represent the aerodynamic flow of an object in motion, a concept the company's designers call "fluidic sculpture."

"We want to create some provocative designs," said Oh Suk-geun, Hyundai's chief designer. "We're not going to design clean and simple shapes. We want to say something."

The effort is motivated in part by economics. Hyundai's reputation for low prices helped the company's global sales grow 10% last year even as the overall auto market was down 2.5% amid the recession. But as Hyundai's production costs rise closer to those of rivals based in Europe, Japan and the U.S., the company needs other appealing traits.

Hyundai slowly beefed up its design capabilities over the past decade, adding staff in South Korea and building new design centers in Irvine, Calif., in 2002 and Russelsheim, Germany, in 2003. The new Sonata came from U.S. designers while the i-flow is from its German center, which is located near General Motor's Co.'s Opel unit.

Inside Hyundai, the designers battled a tradition that gave engineers and factory-process experts the final say in product design. In one recent instance where designers won out, the new Sonata has a thin line of chrome that stretches from the headlights, along the hood and the tops of both doors and then to the back window. Keeping the line straight during assembly is a challenge for factory workers and, as a result, engineers resisted it, say company officials.

Now, even Hyundai's smaller cars are getting a remake. By the middle of next year, Mr. Oh says, "We will have a certain face, a DNA" that involves a flowing, sculpted look.

Toyota's domestic auto sales surge despite recalls

By Yoshio Takahashi

TOKYO—Despite its global recall of more than eight million vehicles and a probe over its handling of safety issues, **Toyota Motor** Corp. saw its domestic sales rise sharply in February from a year earlier, as the company reported strong sales of its Prius hybrid model.

But the industry group that released the figures said Monday that the full effect of the recall might not be apparent for several months.

Sales of Toyota-brand vehicles rose 48% to 146,145 vehicles in February compared with the year-earlier month, according to the Japan Automobile Dealers Association. That was higher than the 117,154 vehicles that Toyota sold in January.

Sales of the auto maker's upscale Lexus brand more than tripled to 3,373 vehicles, from 944 a year earlier, but were weaker than the 3,833 that the company sold in January.

The February sales jump reflects a low base a year earlier, when the global financial crisis damped auto demand. Sales were also helped by government subsidies and tax breaks for fuel-efficient cars. The figures also included orders for cars—particularly the Prius, for which there is a long wait-list—that were made last year. These cars were delivered and registered with the government in February.

"The impact of the recall hasn't been included [in the sales figures] yet," a spokesman at the dealers' association said. "Sales in February mostly reflect solid orders received previously, probably in September or October."

If Toyota experiences any impact from the quality issues, it is likely to occur in sales data beginning in May or June, he added.

The figures come as quality issues continue to weigh on the company's reputation in its major markets. On Feb. 9 Toyota announced a recall of 223,068 hybrid vehicles in Japan to upgrade software in its antilock braking systems, and suspended sales of its Sai hybrid and Lexus HS250h models until Feb. 17.

But Mizuno Credit Advisory analyst Tatsuya Mizuno said the company's recall in Japan may not significantly dent its sales, as Japanese consumers are reacting relatively calmly to the issue. "There were no more complaints after the company announced [the recall], probably because of a lack of reports of fatal accidents" in Japan involving the braking software, he said.

Still, Mr. Mizuno cautioned that quality issues could yet crimp Toyota's growth in its home market if the company's reputation continues to be tarnished by the auto maker's recall in the U.S. amid unintended-acceleration problems. "This Toyota issue is still far from calming down," said Mr. Mizuno, citing another hearing involving Toyota executives in the U.S. set for Tuesday.

Akio Toyoda, the president of Toyota, was grilled last week during congressional testimony in the U.S., with several lawmakers accusing the world's largest car maker by sales volume of misleading the public over its recall.

Japan's overall domestic auto sales rose 35% from a year earlier in February, the seventh-straight monthly rise, according to the dealers' association. The data don't include sales of mini vehicles with engine capacities of 660 cubic centimeters or less.

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Corrections & Amplifications

Monday's Power List graphic carried an incorrect photo for the **Seven Network** chairman. The photo was identified as Kerry Stokes, but it was a photo of Seven Network Chief Executive David Leckie.

Snow hit February car sales in U.S.

Customers chose to stay away from dealerships amid bad weather; Toyota's quality problems helped its rivals

By Sharon Terlep

Car makers on Tuesday are expected to report disappointing U.S. sales for February, mainly because of snowstorms in the Northeast and Midwest that kept customers away from dealerships.

The quality crisis at **Toyota Motor** Corp. also is predicted to have hurt sales for that company by at least about 25%, according to industry forecasting firm TrueCar.

Others makers are likely to see gains, partly at the expense of Toyota, and partly because of increased sales to rental-car companies and other so-called fleet customers.

February sales at **Ford Motor** Co., **Hyundai Motor** Co. and **Nissan Motor** Co. are expected to have risen 25% while **General Motors** Co. could report an increase of 16%, according to Edmunds.com, an auto-shopping and -forecasting site.

J.D. Power & Associates, another car-forecasting and -research firm, predicts overall February sales showed a modest increase compared with particularly weak results a year earlier. In February 2009, sales slowed dramatically as the U.S. economy was mired in recession, consumer credit all but disappeared and GM and **Chrysler Group** LLC moved toward bankruptcy court.

Associated Press

John Katsaros cleaned snow off cars at the Ray Price Honda dealership in East Stroudsburg, Pa., last month.

J.D. Power forecasts that auto makers sold about 741,500 cars and light trucks in February, compared with 688,244 in the same month a year earlier. That translates into a seasonally adjusted annualized selling rate of 9.9 million vehicles. While that is up from the 9.1 million rate in February 2009, it is a considerable drop from January 2010, when the sales pace was 10.7 million vehicles.

Snow was the main culprit. A storm that hit Eastern states from Virginia to Maine in the middle of February brought sales to a halt for almost a week in many areas.

"We were completely out of business for a couple of days—we were open but no one was coming in," said Tammy Darvish, vice president of Darcars Automotive Group, based in Silver Spring, Md.

A second storm late in the month then wiped out February's final weekend, which is when dealers normally report strong sales.

Toyota is likely to experience a significant sales hit. Edmunds.com predicts Toyota sales fell 10% in February while TrueCar was more pessimistic, forecasting a 27% drop.

Ms. Darvish said business at her Toyota dealerships is down 50% from a year ago.

In February 2009 the Japanese company sold 110,000 vehicles in the U.S. For this February, the company is likely to report U.S. sales of fewer than 100,000 vehicles for the second month in a row. (In January, Toyota sold 98,796 cars and trucks, the first time since 1999 it had a month in which sales were under 100,000.)

Toyota had to temporarily suspend sales of eight models and recall millions of vehicles in January because of problems with floor mats and gas pedals that are suspected of causing cars to accelerate unexpectedly. Those issues were followed by news of brake problems in the Prius hybrid and steering issues in the Corolla compact.

Meanwhile, Chrysler also is forecast to have had a down month. Both Edmunds.com and TrueCar said the company, which has few newly launched models, could report a decline of 20%.

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CORPORATE NEWS

Astellas launches offer for U.S. firm

By Thomas Gryta

Astellas Pharma Inc. launched an unsolicited $3.5 billion bid to buy **OSI Pharmaceuticals** Inc. for $52 a share in cash, becoming the latest Japanese drug maker to go after a U.S. company.

Astellas, Japan's second-biggest pharmaceutical company by sales, said it tried for 13 months "to engage OSI in meaningful discussions," but OSI snubbed the takeover attempt as too low.

In a statement, OSI said its board rejected an identical Astellas offer last month because "it believes Astellas' proposal very significantly undervalues the company." The Melville, N.Y., company said it offered to provide Astellas with "nonpublic information" fundamental to its valuation, but that Astellas responded with its tender offer.

OSI said its board would review the tender offer, but the company advised shareholders to take no action at this time. An OSI spokeswoman declined to comment further.

The offer is a 40% premium over Friday's closing price of $37.02. In response, OSI shares jumped 52% to $56.42 on almost 30 times its regular trading volume in early trading on the Nasdaq Stock Market.

Astellas's offer comes amid continued interest from Japanese pharmaceutical companies in the U.S. market, as they diversify their business amid expiring patents at home.

Deals include Dainippon Sumitomo Pharma Co.'s $2.6 billion buy of **Sepracor** Inc., **Takeda Pharmaceutical Co.** Ltd.'s $8.8 billion acquisition of **Millennium Pharmaceuticals** and **Eisai Co.** Ltd.'s paying $3.9 billion for **MGI Pharma** Inc.

But the effort hasn't always been successful. Astellas's offer for OSI comes almost a year after it dropped an attempt to buy **CV Therapeutics** Inc. in a hostile takeover bid for the U.S. heart-drug maker.

In a similar situation to that of OSI, Astellas sought talks with CV until launching a $1.1 billion offer, but it was later outbid by **Gilead Sciences** Inc.'s $1.4 billion offer.

Astellas's chief financial officer, Yoshihiko Hatanaka, acknowledged that the process with OSI is similar to that with CV Therapeutics, but he emphasized in an interview Monday that "each transaction is very unique." He declined to say whether the company is open to raising its offer or if it has changed the price since initially approaching OSI. He said the current offer represents the "fair and full value of Tarceva and the pipeline."

OSI's sole marketed product is cancer drug Tarceva, which it sells with Swiss drug giant **Roche Holding** AG. The pill, used to treat lung and pancreatic cancer, had worldwide sales of $1.2 billion in 2009.

Astellas has said it is open to speaking with OSI to reach a "negotiated transaction," but that the Japanese company also intends to nominate directors at OSI's upcoming annual meeting.

In pursuing a deal, Astellas has had several exchanges with OSI, including an hourlong meeting between the two chief executives in New York City last month, according to Mr. Hatanaka. Astellas said it has received a response from OSI that its offer "very significantly undervalues" the company.

Analyst Eric Schmidt with Cowen & Co. said he believes Astellas will be successful buying OSI with a "modestly higher" offer in order to close a deal on friendly terms.

Astellas hasn't been in contact with Roche about its offer, but Mr. Hatanaka said that OSI's agreement with Roche doesn't have change-of-control provisions. Officials from Roche weren't immediately available for comment.

—Jonathan D. Rockoff contributed to this article.

Random House, Inc.

Above, an illustration from Random House's mock-up of its proposed adventure videogame.

Publisher's new chapter

Random House, looking for revenue streams, moves into videogames

By Jeffrey A. Trachtenberg

Random House, eager to cash in on the lucrative videogame business, has set up an in-house team to create original stories for videogames and provide story advice for games in development.

The book publisher, a unit of Germany's **Bertelsmann** AG, has started looking for a buyer for two original projects, one a fantasy adventure and the other a horror thriller. Each of the proposed games has a cast of characters, suggested stories, and an analysis of the type of gamer in mind.

Random House also has struck a deal with **Stardock** Corp., a software developer based in Plymouth, Mich., to work on the coming launch of Stardock's strategy game "Elemental: War of Magic."

Publishers are hungry for new ways to generate sales as they cut back on the number of book titles published annually. Economic pressure is likely to grow in coming years as the sale of electronic books, now an estimated 3% to 5% of total book sales, becomes increasingly significant. E-books are expected to generate less revenue per unit compared with hardcover titles.

"We need new revenue streams," said Gina Centrello, publisher of the Random House Publishing Group.

In recent years the videogame industry, has attracted greater interest from traditional entertainment companies. Book publishers have so far focused on publishing books based on the games. But as demand for more-sophisticated games has grown, the focus has shifted to improving the games themselves.

"There is increasing emphasis on storytelling in the videogame business, on building new worlds from the ground up," said Keith Clayton, Random House's director of creative development, who is heading the unit with Mikita Labanok, director of business development.

Around 15 staffers are involved in the venture. Several, including Mr. Clayton, have been involved in adapting videogames into books, and were responsible for building the "Star Wars" book franchise in partnership with **Lucasfilm** Ltd.

Random House plans to tap its stable of authors to help write storylines for the games, as well as write books based on them.

Random House doesn't have a specific business model in mind yet. Scott Shannon, publisher of Random House's Del Rey science-fiction and fantasy imprint, said it could sell the videogame properties it creates outright, or take a fee plus revenue participation.

In the Stardock project, Mr. Clayton is overseeing the game's writers as well as the coming publication of a novel that takes place later in Elemental's future.

Brad Wardell, Stardock's chief executive, said that besides helping to create the script, Random House will provide continuity for projects related to the Elemental world. He estimates that "Elemental: War of Magic" will cost about $5 million to develop before the PC game goes on sale in late summer or early fall.

Vivendi reports narrower loss

By Ruth Bender

PARIS—French media-and-entertainment giant **Vivendi** SA on Monday posted a narrower net loss in the fourth quarter and said it expects further growth in 2010.

The Paris-based owner of Universal Music Group, the world's biggest music company, said it has seen a "solid" start to 2010 across markets and expects particularly strong growth this year in Brazil, where it acquired control of telecommunications operator GVT Holding SA at the end of last year.

"At the end of last year, we took two important strategic decisions: selling our stake in NBC Universal and buying GVT, the fastest-growing Brazilian telecom operator," said Chief Executive Jean-Bernard Levy. "These decisions will further enhance Vivendi's momentum."

In the three months to Dec. 31, Vivendi posted a net loss of €958 million ($1.3 billion), compared with a loss of €1.38 billion a year earlier.

Revenue totaled €7.61 billion, down slightly from €7.62 billion. The bulk of Vivendi's revenue comes from subscriptions, so it's less vulnerable to economic downturns.

The latest quarter included a €550 million provision for a continuing U.S. class-action lawsuit brought by shareholders.

Investors have worried about possible damages Vivendi may have to pay after an American jury in February found Vivendi liable for misstatements about its financial health in 2001 and 2002. Vivendi said the amount of damages it might have to pay "could differ significantly" from the €550 million provision. The company is appealing the verdict and a final outcome in the case may occur in 2011, Mr. Levy said.

Adjusted earnings before interest and tax, or EBIT, the figure analysts follow to gauge Vivendi's operating performance, rose 3.6% to €1.15 billion from €1.11 billion a year earlier, beating analysts' expectations for EBIT of €1 billion. Adjusted EBIT excludes certain charges relating to acquisitions and mergers.

The company declared a 2009 dividend of €1.4 a share, stable from a year earlier.

Shares of Vivendi rose 1.7% to €18.81, outperforming the broader Paris market, as analysts welcomed the better-than-expected results.

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- the holders (and the trustees) of the U.S.$300M 9.0% Sr. Notes due 2011 and the U.S.$500M 9.5% Sr. Notes due 2014, each issued by Temir Capital BV and guaranteed by the Bank;
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- JSC National Welfare Fund Samruk-Kazyna;
- JSC BTA Bank; and
- CoBank ACB (or Commodity Credit Corporation of the United States Department of Agriculture in its place).

The meeting will be held on Wednesday 17 March 2010 (or Wednesday 31 March 2010 if the International Noteholders' Meetings are adjourned) at 4.30 p.m. (Almaty time) at 68/74 Abai Avenue, Almaty, Republic of Kazakhstan.

For details of the Restructuring Plan, how to attend the Creditors' Meeting, the deadlines for responses, please see the Information Memorandum (the IM). The IM, the Form of Proxy, the Claim Form and other relevant information are available to Restructuring Creditors via http://bonds.thomsonreuters.com/temirbank . Each Restructuring Creditor must ensure that it complies with the corporate requirements that apply to it for receiving proper authority for voting and for the appointment of the proxy-holder.

CORPORATE NEWS

China Vanke's net jumps

Developer expects property values to moderate after profit rises 32%

By Joy C. Shaw And Joyce Li

SHANGHAI—**China Vanke** Co., the country's largest property developer by market share, on Monday said its 2009 net profit rose 32% amid soaring property prices.

The Shenzhen-based company, which posted a 19% rise in 2009 revenue, said it expects property sales to increase at least 20% to 30% this year but noted that the country's growth in property prices will likely level off after rapid increases in 2009.

The company said Beijing's austerity measures, especially those aimed at reining in the housing market, had created uncertainty in the property market.

"We expect the supply of homes to rise in the second half of this year as developers resume constructions," China Vanke President Yu Liang said at a news conference. "That, coupled with stricter government policies against land hoarding among developers, is the reason we expect China's property prices to stabilize."

Bloomberg News

China Vanke President Yu Liang

China Vanke said 2009 net profit was 5.33 billion yuan ($780.8 million), a figure that was within analysts' expectations and also a record, up from 4.03 billion yuan a year earlier. Revenue rose to 46.05 billion yuan from 38.62 billion yuan in 2008.

Liu Kun, an analyst from Great Wall Securities, said property developers are likely to hold off on offering substantially discounted prices on properties until the second half of the year as they wait to see how government tightening policies affect demand.

Property prices in 70 of China's large and midsize cities rose an average of 7.8% in December, compared with the same month in 2008, with some cities showing much larger increases.

The surge in home buying last year was partly a result of pent-up demand, as many people postponed property investments in 2008, when prices were falling, China Vanke said. Demand rose even further in the second half of the year, it said, as speculators also bought properties.

Education unit lifts earnings at Pearson

By Paul Sonne

Education and publishing company **Pearson** PLC reported a 46% rise in 2009 net profit to £425 million ($648 million), boosted by an education business that Chief Executive Marjorie Scardino says could be helped further by U.S. President Barack Obama's push for common state standards in math and reading.

Pearson's North American education division, which comprises the company's largest business and includes Prentice Hall, reported £2.47 billion in sales for 2009, a 5% increase at constant exchange rates.

Overall, the company reported £5.62 billion in sales, up 4% at constant exchange rates from £4.81 billion last year.

The education division's growth could be boosted in the U.S. in the coming year as 48 states develop common core education standards for math and language arts as part of a voluntary state-led effort encouraged by the White House, Ms. Scardino said.

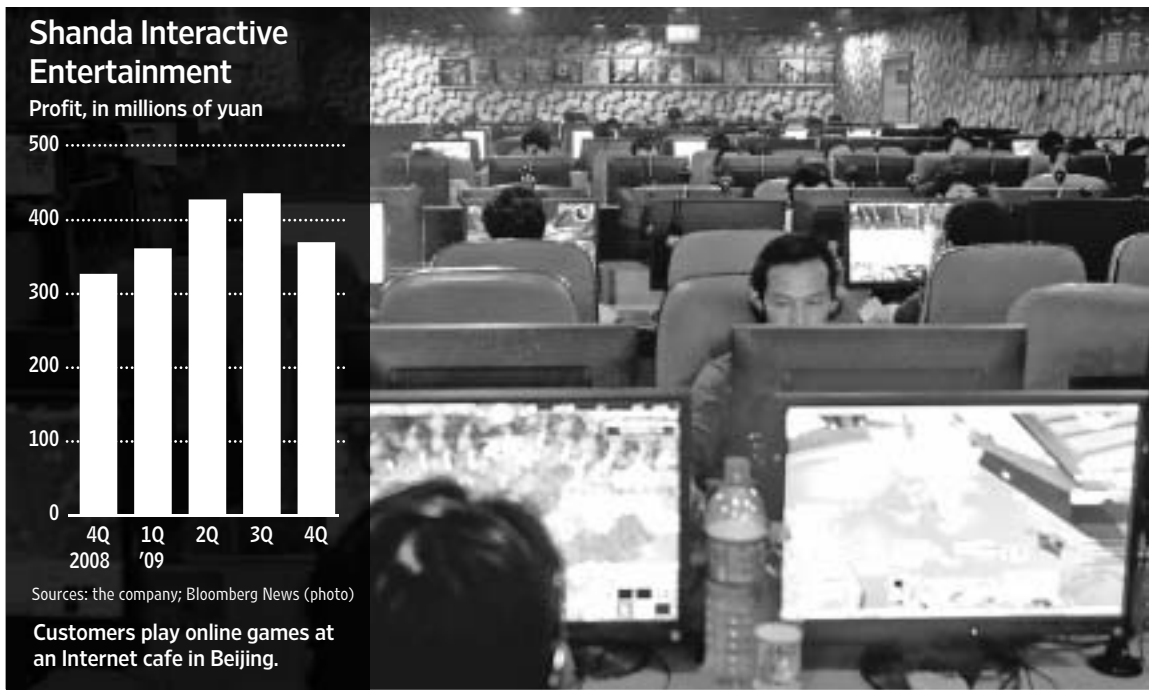
The implementation of core standards would reduce the burden Pearson faces in adapting materials to individual state requirements. It could also open up an opportunity for Pearson to win a new contract measuring the progress of that common-standards initiative.

Separately, Pearson's business newspaper, the Financial Times, said it named Gillian Tett as its new U.S. managing editor after Chrystia Freeland leaves the position to take a top job at **Thomson Reuters** Corp. Ms. Tett was assistant editor for the paper's markets desk.

The FT Group, which includes the Financial Times and information company Interactive Data Corp., reported sales of £842 million, down 3% at constant exchange rates, and an adjusted operating profit of £187 million, down 12% at constant exchange rates.

Interactive Data is under strategic review, and analysts say it may be sold.

2008 BEIJING OLYMPICS. ASSASSINATION OF BENAZIR BHUTTO. 2004 US PRESIDENTIAL ELECTION CAMPAIGN. PAKISTAN'S 60TH ANNIVERSARY. DEADLY CYCLONE IN BANGLADESH. 2009 AFGHAN PARLIAMENTARY ELECTIONS. PALESTINIANS GAIN CONTROL OVER GAZA STRIP. POLITICAL RIOTS IN THAILAND. 2008 MUMBAI BOMB BLAST. SPOTLIGHT ON BONUSES IN BANKING INDUSTRY. PHILIPPINE FERRY SINKS; OVER 700 ABOARD MISSING. GOVERNANCE WOES IN EAST TIMOR. 2009 ELECTIONS IN JAPAN. TENSION SOARS BETWEEN NORTH KOREA AND SOUTH KOREA. US SEALS MISSILE DEAL WITH TAIWAN. THOUSANDS DEAD IN SICHUAN EARTHQUAKE.PAKISTAN'S 60TH ANNIVERSARY. DEADLY CYCLONE IN BANGLADESH. 2009 ELECTIONS IN JAPAN. TENSION SOARS BETWEEN NORTH KOREA AND SOUTH KOREA. US SEALS MISSILE DEAL WITH TAIWAN. THOUSANDS DEAD IN SICHUAN EARTHQUAKE. 2008 BEIJING OLYMPICS. ASSASSINATION OF BENAZIR BHUTTO. 2004 US PRESIDENTIAL ELECTION CAMPAIGN. SPOTLIGHT ON BONUSES IN BANKING INDUSTRY. PHILIPPINE FERRY SINKS; OVER 700 ABOARD MISSING. GOVERNANCE WOES IN EAST TIMOR. 2009 AFGHAN PARLIAMENTARY ELECTIONS. PALESTINIANS GAIN CONTROL OVER GAZA STRIP. POLITICAL RIOTS IN THAILAND. 2008 MUMBAI BOMB BLAST. DEADLY CYCLONE IN BANGLADESH. 2009 AFGHAN PARLIAMENTARY ELECTIONS. PALESTINIANS GAIN CONTROL OVER GAZA STRIP. POLITICAL RIOTS IN THAILAND. 2008 MUMBAI BOMB BLAST. SPOTLIGHT ON BONUSES IN BANKING INDUSTRY. PHILIPPINE FERRY SINKS; OVER 700 ABOARD MISSING. GOVERNANCE WOES IN EAST TIMOR. 2009 ELECTIONS IN JAPAN. TENSION SOARS BETWEEN NORTH KOREA AND SOUTH KOREA. US SEALS MISSILE DEAL WITH TAIWAN. THOUSANDS DEAD IN SICHUAN EARTHQUAKE.PAKISTAN'S 60TH ANNIVERSARY. DEADLY CYCLONE IN BANGLADESH. 2009 ELECTIONS IN JAPAN. TENSION SOARS BETWEEN NORTH KOREA AND SOUTH KOREA. US SEALS MISSILE DEAL WITH TAIWAN. THOUSANDS DEAD IN SICHUAN EARTHQUAKE. 2008 BEIJING OLYMPICS. ASSASSINATION OF BENAZIR BHUTTO. 2004 US PRESIDENTIAL ELECTION CAMPAIGN. SPOTLIGHT ON BONUSES IN BANKING INDUSTRY. PHILIPPINE FERRY SINKS; OVER 700 ABOARD MISSING. GOVERNANCE WOES IN EAST TIMOR. 2009 AFGHAN PARLIAMENTARY ELECTIONS. PALESTINIANS GAIN CONTROL OVER GAZA STRIP. POLITICAL RIOTS IN THAILAND. 2008 MUMBAI BOMB BLAST. 2008 BEIJING OLYMPICS. ASSASSINATION OF BENAZIR BHUTTO. 2004 US PRESIDENTIAL ELECTION CAMPAIGN. PAKISTAN'S 60TH ANNIVERSARY. DEADLY CYCLONE IN BANGLADESH. 2009 AFGHAN PARLIAMENTARY ELECTIONS. PALESTINIANS GAIN CONTROL OVER GAZA STRIP. POLITICAL RIOTS IN THAILAND. 2008 MUMBAI BOMB BLAST. SPOTLIGHT ON BONUSES IN BANKING INDUSTRY. PHILIPPINE FERRY SINKS; OVER 700 ABOARD MISSING. GOVERNANCE WOES IN EAST TIMOR. 2009 ELECTIONS IN JAPAN. TENSION SOARS BETWEEN NORTH KOREA AND SOUTH KOREA. US SEALS MISSILE DEAL WITH TAIWAN. THOUSANDS DEAD IN SICHUAN EARTHQUAKE. 2008 BEIJING OLYMPICS. ASSASSINATION OF BENAZIR BHUTTO. 2004 US PRESIDENTIAL ELECTION CAMPAIGN. SPOTLIGHT ON BONUSES IN BANKING INDUSTRY. PHILIPPINE FERRY SINKS; OVER 700 ABOARD MISSING. GOVERNANCE WOES IN EAST TIMOR. 2009 AFGHAN PARLIAMENTARY ELECTIONS. PALESTINIANS GAIN CONTROL OVER GAZA STRIP. POLITICAL RIOTS IN THAILAND. 2008 MUMBAI BOMB BLAST. DEADLY CYCLONE IN BANGLADESH. 2009 AFGHAN PARLIAMENTARY ELECTIONS. PALESTINIANS GAIN CONTROL OVER GAZA STRIP. POLITICAL RIOTS IN THAILAND. 2008 MUMBAI BOMB BLAST. SPOTLIGHT ON BONUSES IN BANKING INDUSTRY. PHILIPPINE FERRY SINKS; OVER 700 ABOARD MISSING. GOVERNANCE WOES IN EAST TIMOR. 2009 ELECTIONS IN JAPAN. TENSION SOARS BETWEEN NORTH KOREA AND SOUTH KOREA. US SEALS MISSILE DEAL WITH TAIWAN. THOUSANDS DEAD IN SICHUAN EARTHQUAKE.PAKISTAN'S 60TH ANNIVERSARY. DEADLY CYCLONE IN BANGLADESH



Customers play online games at an Internet cafe in Beijing.

Shanda's earnings rise 13%

By Aaron Back

BEIJING—**Shanda Interactive Entertainment** Ltd. said its fourth-quarter net profit rose 13%, driven by higher Internet-gaming revenue and contributions from a mobile-music distributor it acquired last year.

China's online-gaming companies have posted solid revenue growth in the past year despite tough economic conditions, reinforcing their image among investors as defensive, especially compared with the more cyclical online-advertising business.

Shanda said its net profit rose to 369.3 million yuan ($54.1 million) from 326.5 million yuan a year earlier. Consolidated revenue increased 49% to 1.514 billion yuan from 1.015 billion yuan. Analysts had expected the company to post fourth-quarter net profit of $59.8 million.

Shanda Games Ltd., the company's online-gaming unit, had fourth quarter revenue of 1.34 billion yuan, up 33% from a year earlier.

Revenue at Shanda Online Holdings Ltd., its other major business, which has operations in online document publishing, music and other areas, more than doubled from a year earlier to 295 million yuan. The consolidation of revenue from Hurray! Holding Ltd., a distributor of music for mobile phones that Shanda Interactive acquired in July, helped account for the increase.

Shanda Games listed shares on the Nasdaq Stock Market in the U.S. in a public offering in September but remains majority-owned by Shanda Interactive.

GOME unit faces bribery charges

Indictment is tied to alleged offense by founder

By Jeffrey Ng And Joyce Li

HONG KONG—Chinese retailer **GOME Electrical Appliances Holding** Ltd. said Monday that one of its units has been charged with bribery in connection with alleged offenses involving the group's former chairman, Huang Guangyu, who was officially indicted last month after being detained since November 2008.

The Hong Kong-listed company said that if the unit is found guilty, the worst-case scenario would be that it would pay a fine, which wouldn't have any "substantive adverse effect" on the group's operations or financial condition.

In a statement, GOME said it was indicted Thursday by the second intermediate People's Court of Beijing Municipality, which charged the group's wholly owned GOME Appliance Co. unit with "bribery by organization" from 2006 to 2008. The alleged amount involved totaled 4.56 million yuan, or about $668,000.

GOME, which is based in Beijing and operates two major brands, GOME Appliances and China Paradise, said it is "highly concerned" about the case and will actively defend the unit against the charges, adding that this is the first time the company has received a written legal document from authorities on the matter.

The charges against the GOME unit came two weeks after Mr. Huang was indicted on charges of insider trading, bribery and illegal business dealings, and they may deal a blow to the company's efforts to distance itself from Mr. Huang, who stepped down last year following his arrest. Mr. Huang founded the GOME group.

GOME has said repeatedly that its operations are normal and haven't been affected by its founder's resignation. Mr. Huang was replaced as GOME chairman by Chen Xiao, who joined GOME when it took over a competing retailer that Mr. Chen had founded, China Paradise Electronics Retail Ltd.

Analysts said they don't see any substantial impact on GOME's operations as a result of the latest development.

Brokerage Guotai Junan said in a report Monday that the possible fine isn't likely to have any major effect on the financial conditions of GOME, which has a market capitalization of about HK$37.34 billion (US$4.8 billion). The brokerage has kept its "buy" rating on the stock.

GOME's shares didn't appear to be affected by the charges against its unit. They rose 1.64% to end at HK$2.48, compared with a 2.2% rise in the benchmark Hang Seng Index.

To boost investors' confidence in the company's management, GOME struck a deal with **Bain Capital** LLC in August for the private equity firm to assume more control of GOME's operations by subscribing to HK$2.95 billion of convertible bonds and new shares.

Bain Capital now owns convertible bonds and shares equivalent to a 10% stake in the retailer.

Toyota chief concedes focus on profit, sales led to flaws

Continued from page 17

Mr. Toyoda said he is particularly concerned that executives overemphasized a target of two trillion yen ($22.4 billion) in annual operating profit, a level Toyota passed in the year ended March 2007. That objective caused the company not only to slash costs but also to begin asking for premium prices, especially in the U.S. market, for Toyota-branded cars—a change from a long-held strategy of pricing cars at a value.

The Toyota president came to China to contain damage to Toyota's reputation from the problems involving sticky accelerator pedals that cause sudden, unintended acceleration, which have resulted in the global recall of some eight million cars.

Mr. Toyoda told several hundred reporters packed into a Beijing hotel ballroom that he was "deeply sorry" for causing worries among Chinese consumers, and that he came directly to China's capital from the U.S. to "explain to Chinese people in my own words as soon as possible" as to how it plans to restore customer confidence in Toyota cars.

Mr. Toyoda noted, however, the RAV4 is the company's only China model affected by faulty gas pedals. Toyota recalled 75,552 of the sport-utility vehicles in China in January, the only cars it has recalled in the country as part of the current crisis. Mr. Toyoda said floor mats involved in vehicle recalls in the U.S. and Canada aren't used in China, and pledged that new brake override systems will be installed in all new China models.

Toyota on Monday said its sales in China grew 30% in February from a year earlier to 45,400 vehicles. Still, executives say the headline numbers mask considerable con-

Mr. Toyoda's comments about the company's misguided strategic focus suggest the effort to assign blame within Toyota may be picking up.

sumer concern in China about the recalls. Masahiro Kato, a top China-based Toyota sales and marketing executive who also spoke with reporters Monday, said Toyota "has been getting an unusually large number of complaints from customers" since January, and that "the pace of orders being placed by consumers around China has taken a notable dip." The company is watching the situation closely, he said.

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MARKETS

Pound slumps to a nine-month low

Political, economic and monetary-policy risks push the U.K. sterling under $1.50; euro slips below $1.35

By Katie Martin

LONDON—Sterling dropped to its lowest level against the dollar in nine months, battered by political, economic and monetary-policy risks.

The outlook on the currency is now increasingly grim, with data released late last week already suggesting some traders' negative bets on the pound against the dollar have surged to a record.

Opinion polls in the weekend press showed a shrinking lead for the Conservative Party ahead of the general election, which must be held by June.

On top of that, uncertainty surrounds the Bank of England's monetary-policy meeting set for Thursday. All this means the currency may be in for a very testing week.

"It continues to be all negative for the pound at the moment," said Audrey Childe-Freeman, an analyst at U.S. bank Brown Brothers Harriman in London.

"Dreadful economics, an uncertain monetary-policy environment and highly uncertain politics will all leave sterling vulnerable in the near term," she added.

Monday, sterling slipped to a nine-month low against the dollar, dropping well under $1.50, while the euro, which has had its own problems amid concerns about the heavy debt loads of some member countries, surged above £0.90 for the first time since early January.

Bloomberg News

The outlook on the currency is looking increasingly grim. Above, a stack of one-pound coins next to a twenty-pound note.

Political opinion polls have become a key driver for sterling in recent weeks as the Conservatives' lead has shriveled from around 13 percentage points in December to just two percentage points now. That suggests no single party may win a majority—a situation known as a hung parliament, which would make it even tougher for any party to fix the U.K.'s public-spending stresses.

"A hung parliament is one of investors' key fears for sterling," said Paul Robinson, a strategist at Barclays Capital in London. "Risks in the short run remain to the downside for the pound."

On top of that, investors appear jumpy over whether some members of the Bank of England's rate-setting committee will push for a fresh extension of its quantitative-easing program this week.

"Uncertainty is always a bad thing for a currency, and at the moment, there's uncertainty about the uncertainty," said Geoffrey Yu, a currencies analyst at UBS AG in London. Investors are starting to position themselves for the risk of a brutal sterling crisis, Mr. Yu added.

The main chance for some short-term support for the plunging pound may now come from the fact that it has already been sold very heavily.

Friday, data from the Commodity Futures Trading Commission showed negative sterling bets against the dollar among noncommercial traders on the Chicago Mercantile Exchange hit a record in the week running up to Feb. 23.

Those traders don't represent the whole of the market, but they often are seen as a proxy for hedge funds as a whole. With these data suggesting there already has been a sterling-selling frenzy, waning momentum or the closing of successful bets could kick in to give the pound a modest boost soon.

Late morning in New York, sterling traded at $1.4973, down from $1.5249 late Friday in New York. The euro was at £0.9020 against the pound, up 1.0%. Sterling also hit 25-year lows against the Canadian and Australian dollars.

The euro was at $1.3498 from $1.3617. The dollar strengthened to 89.30 yen from 88.84 yen. The euro weakened to 120.53 yen from 120.98 yen. The dollar moved to 1.0843 Swiss francs from 1.0742 francs.

EU advises Greece to take more moves

By Costas Paris
And Alkman Granitsas

ATHENS—European Union Monetary Affairs Commissioner Olli Rehn said Monday that the EU is ready to support Greece but urged the country to take new measures quickly to shrink its big budget deficit.

"I am sure that together we shall overcome these formidable economic and fiscal challenges," Mr. Rehn said after meeting with Greek Finance Minister George Papaconstantinou. "We will continue to support the Greek authorities and the Greek people so as to bring the economy back to a sustainable path....We encourage the Greek authorities to announce new measures in the coming days so that the [deficit] target is achieved."

Greece has been under intense pressure from the EU and financial markets after it revealed late last year that its 2009 budget deficit was forecast to reach 12.7% of gross domestic product—more than four times the EU limits. The government has since pledged to cut the deficit to 8.7% of GDP this year and bring it below the EU's 3% ceiling by 2012.

However, EU and Greek officials have been at odds over whether the austerity measures announced by Greece will achieve that target. Last week in Athens, a joint delegation of officials from the EU, the European Central Bank and the International Monetary Fund urged that further measures be adopted.

Greece says it will unveil new austerity steps in the coming days. "The new measures will certainly come this week, maybe tomorrow or in the next two to three days," a government official said.

The additional measures will probably include an increase of one to two percentage points in Greece's value-added tax rate, currently 19%, as well as additional cuts in civil-service salaries and pensions. A further rise in fuel taxes is also likely, as well as additional increases in cigarette and alcohol taxes.

Overall, the new austerity package is expected to target a further €4 billion ($5.45 billion) in additional spending cuts and new taxes.

The announcement of the measures is seen as key to unlocking a potential €20 billion to €30 billion aid deal for Greece that is being negotiated between the Greek government, the EU, Germany and France.

The rescue plan under consideration, say Greek officials and other people familiar with the matter, would involve the sale of debt to French and German entities—probably state-owned banks—as well as to bond investors. The sale would be split between those banks and large debt investors, the people said.

German officials on Monday refused to confirm that any such aid deal had been agreed to and insisted that Greece must take further measures to cut its deficit.

Speaking after the meeting, Mr. Papaconstantinou said, "We will do whatever is necessary, including new measures to bring our deficit down by four percentage points this year. This is our national duty."

Ping An says won't take Shenzhen bank private

SHANGHAI—**Ping An Insurance (Group) Co. of China** Ltd. said Monday it has no plan to take **Shenzhen Development Bank** Co. private, and it is premature to discuss a merger between its banking unit and the medium-size Chinese lender.

The company made the comments after the Shenzhen lender's shares were suspended from trading earlier Monday following a local media report over the weekend that said China's cabinet has approved Ping An's plan to increase its stake in the bank, and that the insurer may delist Shenzhen Development Bank and merge it with its Ping An Bank unit.

A media report said the insurer may delist Shenzhen Development Bank and merge it with its bank unit.

In June, Ping An disclosed a $3.3 billion deal to boost its stake in the Shenzhen lender to 30% from 5%, which investors widely consider the first stage of an eventual acquisition that would beef up the insurer's banking business and help turn it into a financial conglomerate.

Ping An said at the time it would buy 10.7 billion yuan ($1.57 billion) of new shares issued by Shenzhen Development Bank before it acquires private-equity firm **TPG** Inc.'s entire 16.76% stake in the lender.

"Ping An is still going through the regulatory review process," Ping An spokesman Sheng Ruisheng said. "We have no definite information to release at present and I think it's too early to discuss a merger with Shenzhen Development Bank before we complete the current plan."

The report in the Economic Observer on Sunday cited Ping An Vice Chief Executive Sun Jianyi as saying Beijing has approved the insurer's proposal to raise its stake in Shenzhen Development Bank. The paper also cited unnamed sources as saying Ping An may delist the Shenzhen lender and merge it.

"Regarding the privatization issue, the report is totally wrong," said Mr. Sheng.

The Shenzhen Stock Exchange halted trading in Shenzhen Development Bank on Monday, citing a media report, but it didn't identify the newspaper that ran the story.

A Shenzhen Development Bank spokeswoman said the bank might issue a statement related to the share halt later Monday and its shares will likely resume trading Tuesday.

She added that China's banking regulator is still reviewing the share-placement proposal and it currently has no plan to merge with Ping An Bank.

In December, Ping An extended the deadline for the completion of the purchase of the Shenzhen Development Bank stake to April 30 from Dec. 31.

—Rose Yu

Treasurys slip as fears ease over Greece

By Min Zeng

U.S. CREDIT MARKETS

NEW YORK—Prices of most Treasury securities were lower Monday, reversing some of last week's rally, as concern over debt-ridden Greece eased amid reports of a possible rescue package.

Long-dated securities led the selling as U.S. stocks rose after The Wall Street Journal reported that a plan led by Germany and France to bail out Greece with aid of as much as €30 billion ($40.88 billion) has begun to take shape. Still, the timing and terms of any rescue remained unclear, which tempered the scope of selling in low-risk government debt.

"Risk sentiment picked up in the euro zone due to talks of concrete support for Greece, but no details yet. Hence, less flight to quality flows into Treasurys," said Wilson Chin, an Amsterdam-based fixed-income strategist at ING Groep.

In late-morning trade, the two-year note was off 1/32 at 100 4/32, yielding 0.8117%. The 10-year note was down 8/32 at 100 to yield 3.6249%, and the 30-year bond was down 25/32 at 100 24/32 to yield 4.5786%. Bond yields move inversely to prices.

Treasury prices held losses even after the Institute for Supply Management said its monthly manufacturing index slipped to 56.5 last month from 58.4 in January and was below the 57.5 forecast by economists. A subindex, though, pointed to improvement in the job market, rising to 56.1 from 53.3 in January despite a decline in the gauges on new orders and price pressures.

In other U.S. economic data released Monday, personal spending in January rose more than economists forecast, personal income grew slower than anticipated and a gauge of inflation closely watched by the Federal Reserve showed little inflation pressure.

Data last week, including a plunge in new- and existing-home sales and consumer confidence, added to angst over the economic outlook, pushing down the yield on the 10-year note, the benchmark for fixed-rated consumer and corporate finances, by 0.17 percentage point for the week.

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Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
2	**UNION China**	Union Securities Invest Trust Co., Ltd	TWD	Taiwan	**-9.10**	98.94	5.65	7.66
3	**UBS (Lux) EF Greater China USD P**	UBS Equity Fund Management Company S.A.	USD	Luxembrg	**-5.59**	93.58	-3.74	19.33
4	**Value Partners Classic A**	Value Partners Hong Kong Limited	USD	Cayman Isl	**-3.67**	82.40	0.99	15.37
NS	**Vontobel China Stars Equity A**	Vontobel Management S.A.	USD	Luxembrg	**-5.77**	81.36	-8.82	NS
1	**Tury China Equity A**	CPB Kapitalanlage GmbH	EUR	Austria	**-5.74**	80.25	-23.92	5.89
3	**Pru IOF Greater China Eq C**	Prudential Asset Mgmnt (Singapore) Ltd	USD	Luxembrg	**-8.47**	79.27	-5.94	10.21
NS	**UPAMC GREAT CHINA**	Uni-President Asset Management Co., Ltd	TWD	Taiwan	**-9.39**	76.88	1.30	NS
2	**Martin Currie GF Greater China**	Martin Currie Investment Mngmt Ltd	USD	Luxembrg	**-8.80**	75.71	-10.52	9.68
3	**Threadneedle(Lux) Greater Chn Eq AU**	Threadneedle Asset Management Ltd.	USD	Luxembrg	**-7.79**	75.00	-1.36	7.44
4	**CAAM Funds Greater China C**	Crédit Agricole-LCL	USD	Luxembrg	**-8.55**	73.60	-8.06	17.28

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	02/26	EUR	48.21	-12.3	36.1	-25.9
ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	02/26	USD	10.23	-1.4	48.3	-12.0
Am Eq Blend B	US	EQ	LUX	02/26	USD	9.59	-1.6	46.6	-12.8
Am Growth A	US	EQ	LUX	02/26	USD	30.22	-3.3	46.3	-2.2
Am Growth AX	US	EQ	LUX	02/26	USD	32.65	-3.2	47.1	-1.7
Am Growth B	US	EQ	LUX	02/26	USD	25.37	-3.4	44.8	-3.2
Am Growth C	US	EQ	LUX	02/26	USD	27.32	-3.3	45.6	-2.6
Am Growth I	US	EQ	LUX	02/26	USD	33.53	-3.1	47.4	-1.5
Am Income A	US	BD	LUX	02/26	USD	8.49	0.7	28.6	6.6
Am Income A2	US	BD	LUX	02/26	USD	19.36	1.7	29.2	6.8
Am Income A2	OT	OT	NA	02/26	HKD	150.28	1.7	29.2	6.8
Am Income AT	OT	OT	NA	02/26	HKD	65.75	1.2	28.6	6.6
Am Income AT	US	BD	LUX	02/26	USD	8.47	1.2	28.6	6.6
Am Income B	US	BD	LUX	02/26	USD	8.49	0.7	27.7	5.8
Am Income B2	US	BD	LUX	02/26	USD	16.67	1.6	28.3	6.1
Am Income B2	OT	OT	NA	02/26	HKD	129.40	1.6	28.3	6.1
Am Income BT	OT	OT	NA	02/26	HKD	66.14	0.7	27.2	5.6
Am Income BT	US	BD	LUX	02/26	USD	8.52	0.7	27.2	5.6
Am Income C	US	BD	LUX	02/26	USD	8.49	0.7	28.0	6.1
Am Income C2	US	BD	LUX	02/26	USD	24.80	1.6	28.6	6.3
Am Income I	US	BD	LUX	02/26	USD	8.49	0.7	29.3	7.2
Am Value A	US	EQ	LUX	02/26	USD	8.53	0.0	38.2	-11.3
Am Value B	US	EQ	LUX	02/26	USD	7.84	-0.1	36.8	-12.2
Am Value C	US	EQ	LUX	02/26	USD	8.52	-0.1	37.6	-11.8
Am Value I	US	EQ	LUX	02/26	USD	9.19	0.1	39.2	-10.6
Emg Mkts Debt A	GL	BD	LUX	02/26	USD	15.63	0.4	46.1	8.1
Emg Mkts Debt A2	GL	BD	LUX	02/26	USD	20.41	1.5	46.9	8.5
Emg Mkts Debt AT	GL	BD	LUX	02/26	USD	15.67	0.4	45.5	8.0
Emg Mkts Debt B	GL	BD	LUX	02/26	USD	15.63	0.4	44.9	7.1
Emg Mkts Debt B2	GL	BD	LUX	02/26	USD	19.63	1.4	45.5	7.4
Emg Mkts Debt BT	GL	BD	LUX	02/26	USD	15.65	0.4	44.2	6.9
Emg Mkts Debt C	GL	BD	LUX	02/26	USD	15.63	0.4	45.6	7.7
Emg Mkts Debt C2	GL	BD	LUX	02/26	USD	20.05	1.5	46.4	8.0
Emg Mkts Debt I	GL	BD	LUX	02/26	USD	15.63	0.4	46.8	8.7
Emg Mkts Growth A	GL	EQ	LUX	02/26	USD	32.42	-6.4	79.9	-14.7
Emg Mkts Growth B	GL	EQ	LUX	02/26	USD	27.43	-6.6	78.1	-15.6
Emg Mkts Growth C	GL	EQ	LUX	02/26	USD	28.08	-6.5	79.1	-15.1
Emg Mkts Growth I	GL	EQ	LUX	02/26	USD	35.99	-6.3	81.4	-14.0
Eur Growth A	OT	OT	LUX	02/26	USD	9.33	-2.6	34.3	-15.4
Eur Growth A	OT	OT	LUX	02/26	EUR	6.85	-2.6	34.3	-15.4
Eur Growth B	OT	OT	LUX	02/26	EUR	6.15	-2.7	33.1	-16.2
Eur Growth B	OT	OT	LUX	02/26	USD	8.38	-2.7	33.1	-16.2
Eur Growth C	EU	EQ	LUX	02/26	EUR	5.19	-2.6	34.1	-15.7
Eur Growth I	OT	OT	LUX	02/26	USD	10.19	-2.5	35.5	-14.7
Eur Growth I	OT	OT	LUX	02/26	EUR	7.48	-2.5	35.5	-14.7
Eur Income A	OT	OT	LUX	02/26	EUR	6.70	1.5	47.3	6.5
Eur Income A	OT	OT	LUX	02/26	USD	9.13	1.5	47.3	6.5
Eur Income A2	OT	OT	LUX	02/26	EUR	13.19	2.5	48.0	6.9
Eur Income A2	OT	OT	LUX	02/26	USD	17.97	2.5	48.0	6.9
Eur Income AT	EU	BD	LUX	02/26	EUR	6.69	2.2	47.5	6.7
Eur Income B	OT	OT	LUX	02/26	EUR	6.70	1.5	46.5	5.9
Eur Income B	OT	OT	LUX	02/26	USD	9.13	1.5	46.5	5.9
Eur Income B2	OT	OT	LUX	02/26	EUR	12.26	2.4	47.0	6.1
Eur Income B2	OT	OT	LUX	02/26	USD	16.71	2.4	47.0	6.1
Eur Income BT	EU	BD	LUX	02/26	EUR	6.69	1.5	45.7	5.7
Eur Income C	OT	OT	LUX	02/26	EUR	6.70	1.5	46.8	6.1
Eur Income C	OT	OT	LUX	02/26	USD	9.13	1.5	46.8	6.1
Eur Income C2	OT	OT	LUX	02/26	USD	13.14	2.4	47.3	6.4
Eur Income C2	OT	OT	LUX	02/26	EUR	17.90	2.4	47.3	6.4
Eur Income I	OT	OT	LUX	02/26	EUR	6.70	1.5	47.9	7.1
Eur Income I	OT	OT	LUX	02/26	USD	9.13	1.5	47.9	7.1
Eur Strat Value A	OT	OT	LUX	02/26	EUR	8.18	-4.1	38.4	-19.7
Eur Strat Value A	OT	OT	LUX	02/26	USD	11.15	-4.1	38.4	-19.7
Eur Strat Value I	OT	OT	LUX	02/26	EUR	8.38	-4.1	39.4	-19.1
Eur Strat Value I	OT	OT	LUX	02/26	USD	11.42	-4.1	39.4	-19.1
Eur Value A	OT	OT	LUX	02/26	EUR	8.81	-4.2	42.1	-16.1
Eur Value A	OT	OT	LUX	02/26	USD	12.00	-4.2	42.1	-16.1
Eur Value B	OT	OT	LUX	02/26	USD	11.02	-4.4	40.7	-17.0
Eur Value B	OT	OT	LUX	02/26	EUR	8.09	-4.4	40.7	-17.0
Eur Value C	OT	OT	LUX	02/26	USD	11.60	-4.3	41.4	-16.5
Eur Value C	OT	OT	LUX	02/26	EUR	8.51	-4.3	41.4	-16.5
Eur Value I	OT	OT	LUX	02/26	USD	13.87	-4.1	43.2	-15.5
Eur Value I	OT	OT	LUX	02/26	EUR	10.18	-4.1	43.2	-15.5
Gl Balanced (Euro) A	OT	OT	LUX	02/26	USD	15.55	-0.5	32.4	-9.4
Gl Balanced (Euro) B	OT	OT	LUX	02/26	USD	15.12	-0.6	31.1	-10.3
Gl Balanced (Euro) C	OT	OT	LUX	02/26	USD	15.42	-0.5	31.9	-9.6
Gl Balanced (Euro) I	OT	OT	LUX	02/26	USD	15.85	-0.4	NS	NS
Gl Balanced A	US	BA	LUX	02/26	USD	16.12	-2.2	36.7	-9.9
Gl Balanced B	US	BA	LUX	02/26	USD	15.30	-2.4	35.3	-10.8
Gl Balanced C	OT	OT	LUX	02/26	USD	15.87	-2.3	36.3	-10.2
Gl Balanced C	OT	OT	LUX	02/26	EUR	11.65	-2.3	36.3	-10.2
Gl Balanced I	US	BA	LUX	02/26	USD	16.74	-2.0	37.7	-9.3
Gl Bond A	US	BD	LUX	02/26	USD	9.38	1.5	17.2	5.2
Gl Bond A2	US	BD	LUX	02/26	USD	16.36	2.2	17.6	5.4
Gl Bond A2	OT	OT	NA	02/26	HKD	126.99	2.2	17.6	5.4
Gl Bond AT	OT	OT	LUX	02/26	HKD	72.66	1.5	16.8	5.0
Gl Bond AT	US	BD	LUX	02/26	USD	9.36	1.5	16.8	5.0
Gl Bond B	US	BD	LUX	02/26	USD	9.38	1.5	16.1	4.2
Gl Bond B2	US	BD	LUX	02/26	USD	14.30	2.0	16.4	4.3
Gl Bond B2	OT	OT	NA	02/26	HKD	111.00	2.0	16.4	4.3
Gl Bond BT	OT	OT	LUX	02/26	HKD	72.97	1.5	15.8	4.1
Gl Bond BT	US	BD	LUX	02/26	USD	9.40	1.5	15.8	4.1
Gl Bond C	US	BD	LUX	02/26	USD	9.38	1.5	16.7	4.8
Gl Bond C2	US	BD	LUX	02/26	USD	14.18	2.1	17.1	4.9
Gl Bond I	US	BD	LUX	02/26	USD	9.38	1.5	17.8	5.8
Gl Conservative A	US	BA	LUX	02/26	USD	14.75	-0.8	22.6	-3.6
Gl Conservative A2	US	BA	LUX	02/26	USD	16.87	-0.4	23.2	-3.4
Gl Conservative B	US	BA	LUX	02/26	USD	14.75	-0.7	21.7	-4.5
Gl Conservative B2	US	BA	LUX	02/26	USD	16.00	-0.6	22.0	-4.4
Gl Conservative C	US	BA	LUX	02/26	USD	14.74	-0.8	22.2	-4.0
Gl Conservative C2	US	BA	LUX	02/26	USD	16.49	-0.4	22.6	-3.8
Gl Conservative I	US	BA	LUX	02/26	USD	14.81	-0.9	23.5	-2.9
Gl Eq Blend A	GL	EQ	LUX	02/26	USD	11.07	-5.1	49.6	-20.4
Gl Eq Blend B	GL	EQ	LUX	02/26	USD	10.37	-5.3	48.1	-21.2
Gl Eq Blend C	GL	EQ	LUX	02/26	USD	10.87	-5.1	48.9	-20.7
Gl Eq Blend I	GL	EQ	LUX	02/26	USD	11.69	-5.0	50.8	-19.7
Gl Growth A	GL	EQ	LUX	02/26	USD	40.06	-4.4	45.0	-20.7
Gl Growth B	GL	EQ	LUX	02/26	USD	33.39	-4.5	43.6	-21.5
Gl Growth C	GL	EQ	LUX	02/26	USD	38.41	-4.5	44.3	-21.1
Gl Growth I	GL	EQ	LUX	02/26	USD	44.54	-4.3	46.1	-20.1
Gl High Yield A	US	BD	LUX	02/26	USD	4.35	0.5	62.0	6.0
Gl High Yield A2	US	BD	LUX	02/26	USD	9.44	1.9	63.0	6.4
Gl High Yield A2	OT	OT	NA	02/26	HKD	73.28	1.9	63.0	6.4
Gl High Yield AT	OT	OT	NA	02/26	HKD	33.46	1.4	62.1	6.1
Gl High Yield AT	US	BD	LUX	02/26	USD	4.31	1.4	62.1	6.1
Gl High Yield B	US	BD	LUX	02/26	USD	4.35	0.5	60.1	4.8
Gl High Yield B2	US	BD	LUX	02/26	USD	15.15	1.8	61.3	5.4
Gl High Yield B2	OT	OT	NA	02/26	HKD	117.60	1.8	61.3	5.4
Gl High Yield BT	OT	OT	NA	02/26	HKD	34.00	0.5	59.6	4.7
Gl High Yield BT	US	BD	LUX	02/26	USD	4.38	0.5	59.6	4.7
Gl High Yield C	US	BD	LUX	02/26	USD	4.35	0.5	61.2	5.5
Gl High Yield C2	US	BD	LUX	02/26	USD	13.98	1.9	62.2	5.9
Gl High Yield I	US	BD	LUX	02/26	USD	4.35	0.5	63.0	6.7
Gl Thematic Res. A	OT	OT	LUX	02/26	USD	14.15	-3.9	78.7	-3.4
Gl Thematic Res. B	OT	OT	LUX	02/26	USD	12.36	-4.1	76.8	-4.3
Gl Thematic Res. I	OT	OT	LUX	02/26	USD	15.79	-3.9	80.0	-2.6
Gl Value A	GL	EQ	LUX	02/26	USD	10.51	-5.7	54.8	-20.0
Gl Value B	GL	EQ	LUX	02/26	USD	9.64	-5.9	53.3	-20.8
Gl Value C	GL	EQ	LUX	02/26	USD	10.20	-5.8	54.1	-20.4
Gl Value I	GL	EQ	LUX	02/26	USD	11.19	-5.6	55.8	-19.4
Greater China A	AS	EQ	LUX	02/26	USD	37.27	-6.9	59.4	-13.5
Greater China B	AS	EQ	LUX	02/26	USD	32.92	-7.1	57.7	-14.4
Greater China C	AS	EQ	LUX	02/26	USD	36.77	-7.0	58.7	-13.9
India Growth A	OT	OT	LUX	02/26	USD	123.00	-3.1	NS	NS
India Growth AX	OT	OT	LUX	02/26	USD	107.57	-3.0	97.7	-4.3
India Growth B	OT	OT	LUX	02/26	USD	128.65	-3.2	NS	NS
India Growth BX	OT	OT	LUX	02/26	USD	91.80	-3.2	95.7	-5.3
India Growth I	EA	EQ	LUX	02/26	USD	111.56	-3.0	98.6	-4.0
Int'l Health Care A	OT	EQ	LUX	02/26	USD	138.67	0.9	29.4	-6.2
Int'l Health Care B	OT	EQ	LUX	02/26	USD	116.77	0.7	28.1	-7.1
Int'l Health Care C	OT	EQ	LUX	02/26	USD	132.80	0.8	28.8	-6.4
Int'l Health Care I	OT	EQ	LUX	02/26	USD	151.70	1.0	30.4	-5.4
Int'l Technology A	OT	EQ	LUX	02/26	USD	105.13	-4.7	60.5	-6.8
Int'l Technology B	OT	EQ	LUX	02/26	USD	90.95	-4.9	58.9	-7.8
Int'l Technology C	OT	EQ	LUX	02/26	USD	101.52	-4.8	59.8	-6.6
Int'l Technology I	OT	EQ	LUX	02/26	USD	118.03	-4.6	61.8	-6.1
Japan Eq Blend A	JP	EQ	LUX	02/26	JPY	5856.00	-2.8	30.5	-20.6
Japan Eq Blend B	JP	EQ	LUX	02/26	JPY	5641.00	-3.0	29.2	-21.4
Japan Eq Blend C	JP	EQ	LUX	02/26	JPY	5758.00	-2.9	29.9	-21.0
Japan Growth A	JP	EQ	LUX	02/26	JPY	5568.00	-5.2	18.4	-21.9
Japan Growth B	JP	EQ	LUX	02/26	JPY	5365.00	-5.3	17.2	-22.7
Japan Growth C	JP	EQ	LUX	02/26	JPY	5476.00	-5.3	17.8	-22.3
Japan Strat Value A	JP	EQ	LUX	02/26	JPY	6111.00	-0.1	43.1	-19.6
Japan Strat Value B	JP	EQ	LUX	02/26	JPY	5893.00	-0.3	41.7	-20.4
Japan Strat Value C	JP	EQ	LUX	02/26	JPY	6004.00	-0.2	42.4	-20.0
Real Estate Sec. A	OT	EQ	LUX	02/26	USD	13.92	-3.0	77.8	-14.6
Real Estate Sec. B	OT	EQ	LUX	02/26	USD	12.70	-3.2	75.9	-15.4
Real Estate Sec. I	OT	EQ	LUX	02/26	USD	14.98	-2.9	79.2	-13.9
Short Mat Dollar A	US	BD	LUX	02/26	USD	7.27	0.0	14.3	-4.4
Short Mat Dollar A2	US	BD	LUX	02/26	USD	9.85	0.6	14.5	-4.2
Short Mat Dollar AT	US	BD	LUX	02/26	USD	7.26	0.1	14.0	-4.5
Short Mat Dollar B	US	BD	LUX	02/26	USD	7.27	0.0	13.9	-4.8
Short Mat Dollar B2	US	BD	LUX	02/26	USD	9.80	0.6	14.1	-4.7
Short Mat Dollar BT	OT	OT	LUX	02/26	USD	7.27	0.0	NS	-5.1
Short Mat Dollar C	US	BD	LUX	02/26	USD	7.27	0.0	13.9	-4.8
Short Mat Dollar C2	US	BD	LUX	02/26	USD	13.86	0.7	14.2	-4.6
Short Mat Dollar I	US	BD	LUX	02/26	USD	7.27	0.0	14.9	-3.8

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	01/29	USD	1778.08	5.1	80.4	NS
CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	03/01	USD	103.46	3.5	25.7	21.1
PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	12/31	USD	97.22	15.7	15.7	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	12/31	USD	93.12	24.4	24.4	-8.6
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	37.2	37.2	-26.9
Platinm-Nordic	OT	OT	CYM	12/31	SEK	617.36	13.2	13.2	-16.2
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	12/31	USD	60.07	NS	NS	-29.4
SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	02/23	USD	33.86	-17.0	-61.4	-18.7
Superfund GCT USD*	GL	EQ	LUX	02/23	USD	1889.00	-13.9	-49.8	-14.0
Superfund Green Gold A (SPC)	OT	OT	CYM	02/23	USD	874.86	-9.3	-32.8	-5.7
Superfund Green Gold B (SPC)	OT	OT	CYM	02/23	USD	802.57	-14.2	-47.6	-13.2
Superfund Q-AG*	OT	OT	AUT	02/23	EUR	6013.00	-9.2	-32.4	-5.4
WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	01/29	EUR	920.68	-2.6	-8.8	NS
Winton Evolution GBP Cls G	OT	OT	CYM	01/29	GBP	926.96	-2.3	-8.0	NS
Winton Evolution USD Cls F	OT	OT	CYM	01/29	USD	1169.48	-2.5	-8.6	0.7
Winton Futures EUR Cls C	OT	OT	VGB	01/29	EUR	191.46	-2.7	-8.1	4.3
Winton Futures GBP Cls D	OT	OT	VGB	01/29	GBP	207.19	-2.7	-7.6	5.2
Winton Futures JPY Cls E	OT	OT	VGB	01/29	JPY	13526.58	-2.6	-9.3	2.0
Winton Futures USD Cls B	OT	OT	VGB	01/29	USD	680.91	-2.6	-8.1	4.0
ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	02/26	EUR	48.92	-6.2	54.2	-9.0
Industria AE	EU	EQ	DEU	02/26	EUR	69.90	-1.2	42.2	-13.5
InternRent AE	EU	BD	DEU	02/26	EUR	37.58	6.7	6.1	11.8
CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	AS	EQ	MUS	02/19	USD	285882.54	4.1	115.1	10.7

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MARKETS

Caterpillar, Pfizer gain; Greek index jumps 2.9%

By Kristina Peterson

An improvement in manufacturing employment helped broadly boost U.S. stocks.

The Dow Jones Industrial Average was up 80.64 points, or 0.8%, to 10405.90 in midday trading. A crop of largely positive U.S. economic data helped boost **Caterpillar**, which gained 1.7% to lead the Dow. Pharmaceutical company **Pfizer** gained 1.4%, amid mergers between other drug makers.

ABREAST OF THE MARKET

The Nasdaq Composite gained 1.4% to 2269.58 as technology stocks soared, led by **SanDisk**. The company, which makes flash data storage products, rose 9.8% after boosting its first-quarter guidance to reflect more demand for memory chips.

The Standard & Poor's 500-stock index gained 0.9% to 1114.91, with all sectors in the black aside from financials, which dipped in and out of negative territory.

U.K.-based insurer **Prudential** PLC's agreement to buy **American International Group**'s Asia operations for $35.5 billion in cash and stock helped send the British pound down more than 2%. Prudential PLC isn't related to U.S insurer **Prudential Financial** Inc.

American depository shares of Prudential PLC were down 13%, while AIG rose 6.2%.

Market index firm **MSCI** said it will buy proxy adviser **RiskMetrics Group** for $1.55 billion, sending RiskMetric shares up 13%. Class A shares of MSCI declined 4.2% in recent trades.

European stocks

Shares rose, supported by a surge in mergers and acquisitions news.

Greece remained a pivotal issue for Europe, with the Athens benchmark jumping 2.9% to 1969.47. Rumblings of a possible German-led deal to resolve Greece's fiscal problems helped bolster Greek stocks.

The Stoxx Europe 600 index rose 1.2% to 248.69. The U.K.'s FTSE 100 index increased 1% to 5405.94. Germany's DAX gained 2.1% to 5713.51, and Paris's CAC-40 ended 1.6% higher at 3769.54.

Germany's **Merck KGaA** announced the takeover of U.S.-based drug company **Millipore**. Merck gained 2.9%, while Millipore climbed 11% in New York.

Basic-resource stocks were also stronger following the earthquake in Chile, which is the world's largest copper producer. Copper futures rose and consequently, mining stocks were higher. Chilean copper miner **Antofagasta** rose 3.7% and Anglo-Swiss coal and copper miner **Xstrata** advanced 3.6%.

HSBC Holdings fell 5.2% in reaction to financial results. The banking giant said annual profit rose 2% to $5.83 billion as tax payments fell. Analysts had expected HSBC to report a net profit of $6.4 billion for 2009, according to a Dow Jones Newswires survey.

Japan yields climb ahead of 10-year sale

By Takashi Mochizuki

TOKYO—Japanese government-bond yields rose as investors turned cautious ahead of Tuesday's auction of 10-year bonds.

But overall demand for safe-haven assets remains strong, and yields should decline after the sale, analysts said. Most institutional investors think the government won't compile a fresh stimulus package soon, decreasing concerns about additional supply.

BOND MARKETS

The benchmark 10-year yield rose 0.015 percentage point to 1.31%.

Investors sold Monday on the chance that Tuesday's auction meets poor demand, even though the risk of that is seen as small. The government will offer 2.2 trillion yen ($24.76 billion) of 10-year bonds. Some analysts expect the coupon to be 1.4%, up from 1.3% previously.

The higher coupon should prompt investors to buy, but a 1.3% coupon isn't bad either, said Atsushi Ito, a strategist at Morgan Stanley.

Other strategists also expected a successful sale, saying the assets are attractive to banks in Japan with excess funds.

"I'll be careful to watch the secondary market's reaction to the tender, because if the result turns out to be strong, yields could fall sharply," said Royal Bank of Scotland Securities bond strategist RuiXue Xu.

Surge in copper prices boosts resource stocks

By Shri Navaratnam And Philip Vahn

Resource stocks advanced after a massive earthquake in Chile raised fears of disruption in copper supplies.

Investor sentiment also was helped by easing of concerns over fiscally strapped Greece. But the timing and terms of any rescue were unclear.

ASIAN-PACIFIC STOCKS

Hong Kong's Hang Seng Index advanced 2.2% to 21056.93, its highest close since Jan. 20. China's Shanghai Composite added 1.2% to 3087.84, and Australia's S&P/ASX 200 climbed 1.1% to 4686.53, Japan's Nikkei Stock Average of 225 companies added 0.5% to 10172.06, and Taiwan's Taiex rose 1.9% to 7577.75.

Markets in South Korea, India and Thailand were closed for public holidays.

The strong gains in Hong Kong and Shanghai shares came despite data showing a slowdown in Chinese manufacturing activity, on expectations Beijing may retain its growth-accommodative policy focus at the meeting of the National People's Congress beginning this weekend.

"We believe the NPC will reaffirm the government's twin goals of ensuring sustainable economic growth and ensuring price stability," CIMB analyst Pauline Loong wrote in a report.

Chinese banking and property stocks soared in Hong Kong. **Bank of China** rose 4%, **Industrial & Commercial Bank of China** jumped 5.1% and **Agile Property Holdings** added 8.1%. In Shanghai, **China Citic Bank** and **China Merchants Bank** each gained 2.5%, while **China Life Insurance** climbed 3.4%.

Two indicators of Chinese manufacturing activity showed a slowdown in February. China Federation of Logistics and Personnel's purchasing manager's index for the month fell to 52, well below January's 55.8. The HSBC China manufacturing purchasing managers index, a gauge of manufacturing activity, fell to 55.8 in February from 57.4 in January, snapping four straight months of gains.

Metal producers shot higher across the region despite China's PMI data. The rally came in the wake of a massive earthquake in Chile, the world's largest copper-producing country, on Saturday, which pushed up copper prices.

"Chile is to copper what the Middle East is to oil," said ANZ senior commodity strategist Mark Pervan.

Jiangxi Copper and **Yunnan Copper** jumped by the daily 10% limit on Chinese bourses, while **Rio Tinto** rose 1.3% and **OZ Minerals** climbed 5.3% in Sydney, and **Pacific Metals** gained 2.8% in Tokyo.

Financials advanced in Tokyo after J.P. Morgan Chase raised its ratings of some of Japan's major banks. **Mizuho Financial Group** climbed 2.9%, **Sumitomo Mitsui Financial Group** rose 1.1% and **Mitsubishi UFJ Financial Group** advanced 1.6%.

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GAM

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Tel +353 1 609 3927 Fax +353 1 611 7941, Internet: www.gam.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	02/19	USD	1293.95	4.1	26.1	-5.9
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	02/22	JPY	13876.22	-10.7	54.2	-0.2
GAM Asia Equity Hedge US	OT	OT	VGB	02/22	USD	259.33	-10.7	58.9	1.1
GAM Asia Equity USD	OT	OT	VGB	02/26	USD	607.53	-7.1	70.6	-11.3
GAM Asia-Pacific Eq USD	OT	OT	VGB	02/26	USD	1268.53	-1.1	44.1	-13.5
GAM Com Glb Bal EUR Op	US	BA	VGB	02/22	EUR	96.39	-0.5	18.8	-7.0
GAM Com Glb Bal USD Op	US	BA	VGB	02/22	USD	127.14	-0.5	18.8	-7.0
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	02/22	EUR	98.79	-1.8	28.7	-12.4
GAM Comp Glb Eq USD Op	GL	EQ	VGB	02/22	USD	125.19	-1.8	28.7	-12.4
GAM Comp Glb Gr EUR Op	US	BA	VGB	02/22	EUR	87.36	-1.5	20.4	-10.4
GAM Comp Glb Gr USD Op	US	BA	VGB	02/22	USD	125.19	-1.5	20.4	-10.4
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	02/19	USD	244.55	-1.6	39.9	-7.6
GAM Cross Trading Inc	OT	OT	VGB	02/22	USD	462.50	-0.7	4.2	NS
GAM Diversity CHF Op	OT	OT	VGB	02/22	CHF	94.15	-0.2	3.5	-6.2
GAM Diversity EUR Op	OT	OT	VGB	02/22	EUR	648.05	-0.1	4.2	-4.7
GAM Diversity USD 2.5XL	OT	OT	VGB	02/22	USD	77.91	-0.5	7.7	-17.9
GAM Diversity USD Op	OT	OT	VGB	02/22	USD	680.55	-0.1	4.3	-5.2
GAM Dvrsty II CHF Op	OT	OT	VGB	02/22	CHF	99.34	-0.2	2.9	-5.8
GAM Dvrsty II EUR Op	OT	OT	VGB	02/22	EUR	138.66	-0.1	3.3	-4.8
GAM Dvrsty II USD Op	OT	OT	VGB	02/22	USD	210.00	-0.1	3.6	-5.1
GAM DvrstyIII EUR Op	OT	OT	VGB	02/22	EUR	115.42	-0.1	3.2	-5.0
GAM DvrstyIII USD Op	OT	OT	VGB	02/22	USD	121.89	-0.1	3.5	-5.1
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	02/22	EUR	219.31	0.2	14.1	-2.5
GAM Euro Eq Hdg USD Op	OT	OT	VGB	02/22	USD	203.55	0.1	12.2	-1.0
GAM European Equity USD	OT	OT	VGB	02/26	USD	268.84	-9.5	40.0	-14.0
GAM GAMCO	OT	EQ	VGB	02/23	USD	803.78	-0.8	55.1	-8.3
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	02/22	EUR	97.26	-0.6	11.7	-15.8
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	02/22	USD	102.72	-0.4	12.4	-15.0
GAM Gbl Divers USD Inc.	GL	EQ	VGB	02/26	USD	248.54	0.0	36.1	-5.0
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	02/22	USD	255.01	-11.1	84.1	18.8
GAM Intrst Trend II	GL	BD	VGB	02/22	USD	104.27	10.8	71.8	-2.8
GAM Intrst Trend Inc	OT	OT	VGB	02/22	USD	277.96	10.5	86.5	-1.2
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	02/22	EUR	122.73	5.2	16.1	-1.2
GAM Japan Eq Hdg USD Op	OT	OT	VGB	02/22	USD	126.17	3.4	20.1	-14.8
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	02/22	JPY	8688.67	3.4	27.1	-13.7
GAM Japan USD	JP	EQ	VGB	02/26	USD	1124.82	2.0	37.8	-13.5
GAM Japan YEN	JP	EQ	VGB	02/26	JPY	8843.37	0.2	31.5	-19.4
GAM Money Mkt EuroOp	EU	MM	VGB	02/26	EUR	51.16	0.1	0.2	1.4
GAM Money Mkt USD	US	MM	VGB	02/25	USD	100.02	0.1	0.0	0.6
GAM Multi-Arb EUR Op	OT	OT	VGB	02/22	EUR	112.58	1.2	1.2	-8.1
GAM Multi-Arb USD Op	OT	OT	VGB	02/22	USD	117.47	1.2	1.4	-8.4
GAM Multi-China EUR Op	OT	OT	VGB	02/22	EUR	160.09	-4.7	6.7	-6.6
GAM Multi-China USD Op	OT	OT	VGB	02/22	USD	168.72	-4.5	7.6	-7.2
GAM Multi-Emer Mkts GBP	OT	OT	VGB	02/22	GBP	129.24	-1.7	23.0	-1.2
GAM Multi-Emer Mkts USD	OT	OT	VGB	02/22	USD	639.96	-1.7	23.2	-1.6
GAM Multi-Eur EUR Op	OT	OT	VGB	02/22	EUR	266.62	-0.8	4.9	-7.3
GAM Multi-Eur II EUR Op	OT	OT	VGB	02/22	EUR	137.19	-0.8	4.8	-7.3
GAM Multi-Eur II USD Op	OT	OT	VGB	02/22	USD	112.21	-0.8	4.8	-8.3
GAM Multi-Eur USD Op	OT	OT	VGB	02/22	USD	464.05	-0.8	4.3	-8.2
GAM Multi-Nth Am EUR Special	OT	OT	VGB	02/22	EUR	133.91	-0.1	9.0	-1.7
GAM Multi-Nth Am USD Special	OT	OT	VGB	02/22	USD	217.86	-0.1	9.2	-1.9
GAM Multi-Pac EUR Op	GL	EQ	VGB	02/22	EUR	139.71	-2.6	1.4	-3.5
GAM Multi-Pac USD Op	OT	OT	VGB	02/22	USD	161.39	-2.4	1.8	-3.8
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	02/19	USD	2688.21	1.9	68.0	11.9
GAM Sing/Malaysia	AS	EQ	VGB	02/26	USD	2412.23	-4.5	62.7	-9.0
GAM Sterling Spe Bd Inc	OT	OT	VGB	02/22	GBP	237.78	3.4	47.5	6.4
GAM Trading EUR Inc	OT	OT	VGB	02/22	EUR	322.62	-0.8	3.7	4.0
GAM Trading USD Inc	OT	OT	VGB	02/22	USD	966.09	-0.7	4.2	3.4
GAM Trdg II IncEUR Op	OT	OT	VGB	02/22	EUR	138.02	-0.7	3.6	3.9
GAM Trdg II IncUSD Op	OT	OT	VGB	02/22	USD	313.69	-0.7	4.2	3.4
GAM Trdg IV IncEUR Op	OT	OT	VGB	02/22	EUR	145.61	-0.8	3.5	3.7
GAM Trdg IV IncUSD Op	OT	OT	VGB	02/22	USD	153.36	-0.8	4.0	3.2
GAM Trdg V IncEUR Op	OT	OT	VGB	02/22	EUR	123.43	-0.8	3.4	3.6
GAM Trdg V IncUSD Op	OT	OT	VGB	02/22	USD	128.67	-0.7	4.0	3.2
GAM TrdgIII IncEUR Op	OT	OT	VGB	02/22	EUR	155.69	-0.8	3.6	3.6
GAM TrdgIII IncUSD Op	OT	OT	VGB	02/22	USD	161.31	-0.7	4.0	3.2
GAM USDSpecBondInc	US	BD	VGB	02/22	USD	558.30	5.3	89.2	10.2
GAM Worldwide	GL	EQ	VGB	02/25	USD	2074.45	-6.8	42.9	-11.0
GAMut Investments	OT	OT	VGB	02/24	USD	7610.98	0.4	0.2	6.5

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	02/26	CHF	10.62	-3.8	53.6	-11.6
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	02/26	EUR	11.63	-2.4	58.5	-6.4
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	02/26	GBP	1.54	-1.6	59.2	2.0
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	02/26	USD	12.45	-7.2	69.9	-10.4
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	02/26	EUR	103.73	2.3	33.0	-8.9
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	02/26	EUR	100.38	2.3	33.0	-8.9
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	02/26	EUR	10.63	-3.3	34.8	-7.6
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	02/26	EUR	176.92	-4.1	33.4	-10.1
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	02/26	EUR	161.67	-4.1	33.3	-10.1
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	02/26	USD	14.70	-9.3	42.1	-13.8
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	02/26	USD	13.33	-9.3	42.0	-13.8
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	02/25	USD	5.54	1.0	45.4	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	02/26	EUR	92.25	4.9	32.3	-7.7
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	02/26	EUR	92.25	4.9	32.3	-7.7
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	02/26	JPY	922.47	0.2	31.0	-19.1
GAMStar-JpnEq USD Acc	JP	EQ	IRL	02/26	USD	11.35	2.1	37.0	-13.4
GAMStar-World EqUSD Acc	GL	EQ	IRL	02/26	USD	2105.72	-6.6	43.8	-10.5

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■ MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	03/01	USD	14.96	-2.1	40.8	-10.7
American Growth AA	US	EQ	LUX	03/01	USD	0.86	-2.1	40.5	-7.2
Asian Equity	AS	EQ	LUX	03/01	USD	2.32	-6.6	72.1	-9.8
Asian Equity AA	AS	EQ	LUX	03/01	USD	0.75	-6.6	71.5	-10.1
Asian Sm Cap Equity AA	AS	EQ	LUX	03/01	USD	1.14	-2.5	103.4	-1.8
China Value A	AS	EQ	LUX	03/01	USD	6.67	-7.7	62.6	-5.4
China Value AA	AS	EQ	LUX	03/01	USD	2.10	-7.8	62.2	-5.7
Dragon Growth	AS	EQ	LUX	03/01	USD	1.57	-6.5	64.1	-7.0
Dragon Growth AA	OT	OT	LUX	03/01	HKD	7.62	-6.5	63.8	-7.9
Emg Eastrn Europe A	EU	EQ	LUX	03/01	USD	4.45	-5.3	122.8	-17.6
Emg Eastrn Europe AA	EU	EQ	LUX	03/01	USD	1.91	-5.3	122.4	-17.7
European Growth	EU	EQ	LUX	03/01	USD	8.38	-8.3	58.5	-18.1
European Growth AA	EU	EQ	LUX	03/01	USD	0.60	-8.4	58.1	-18.3
Global Contrarain AA	GL	EQ	LUX	03/01	USD	0.91	2.9	118.9	NS
Global Property AA	OT	EQ	LUX	03/01	USD	0.67	-2.6	83.2	-13.2
Global Resources AA	OT	EQ	LUX	03/01	USD	1.03	-5.5	53.7	-16.9
Healthcare AA	OT	EQ	LUX	03/01	USD	0.95	0.0	21.6	NS
India Equity AA	EA	EQ	LUX	03/01	USD	1.03	-6.0	86.4	-14.0
International Growth	GL	EQ	LUX	03/01	USD	2.96	-3.4	37.7	-14.8
International Growth AA	GL	EQ	LUX	03/01	USD	0.69	-3.5	37.3	-15.0
Japanese Growth	JP	EQ	LUX	03/01	USD	2.78	0.1	35.3	-11.3
Japanese Growth AA	JP	EQ	LUX	03/01	USD	0.73	0.8	35.9	-11.2
Latin America Equity AA	GL	EQ	LUX	03/01	USD	1.22	-6.6	104.6	-8.8
Manulife GF Strategic Income Fund AA	OT	OT	NA	03/01	USD	1.02	1.4	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	03/01	USD	1.12	-2.3	NS	NS
Russia Equity AA	EE	EQ	LUX	03/01	USD	0.65	3.8	149.1	-21.0
Taiwan Equity AA	AS	EQ	LUX	02/26	USD	0.97	-10.3	79.2	-4.7
Turkey Equity AA	EE	EQ	LUX	03/01	USD	0.72	-7.6	133.9	-8.2
U.S. Bond AA	US	BD	LUX	03/01	USD	1.13	2.0	19.6	8.7
U.S. Sm Cap Equity AA	US	EQ	LUX	03/01	USD	0.87	6.0	91.1	-7.6
U.S. Special Opportunities	OT	OT	LUX	03/01	USD	0.88	7.4	107.6	6.9
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	03/01	USD	1.14	0.0	9.4	1.9

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Indonesian Grth Fund	EA	EQ	CYM	02/17	USD	130.72	2.6	136.6	-0.2

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Asia Value Formula Fd-B	AS	EQ	CYM	02/26	USD	7.79	-2.9	100.8	-4.4

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Bonds Eur Hi Yld A	OT	OT	LUX	02/25	EUR	21.15	2.7	54.3	4.9
Bonds EURO A	OT	OT	LUX	02/26	EUR	41.58	1.3	5.7	5.2
Bonds EUROPE A	OT	OT	LUX	02/26	EUR	39.58	1.2	4.5	4.7
Bonds US OppsCoreplus A	OT	OT	LUX	02/25	USD	37.39	1.3	15.9	8.7
Bonds World A	OT	OT	LUX	02/26	USD	41.79	-0.5	13.1	4.3
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	02/26	USD	9.72	-6.8	73.9	-10.4
Eq. China A	AS	EQ	LUX	02/26	USD	21.82	-9.6	62.8	-10.8
Eq. Concentrated Euroland A	OT	OT	LUX	02/26	EUR	87.34	-6.0	28.5	-17.1
Eq. ConcentratedEuropeA	EU	EQ	LUX	02/26	EUR	25.78	-4.6	39.3	-15.9
Eq. Emerging Europe A	OT	OT	LUX	02/25	EUR	23.43	-0.5	106.5	-22.8
Eq. Euroland A	EU	EQ	LUX	02/26	EUR	10.18	-5.9	32.5	-17.6
Eq. Euroland Small Cap A	OT	OT	LUX	02/25	EUR	136.79	-3.1	45.4	-9.5
Eq. EurolandCyclclsA	EU	EQ	LUX	02/26	EUR	17.43	-2.1	40.7	-12.8
Eq. EurolandFinancialA	OT	EQ	LUX	02/25	EUR	9.90	-12.5	67.8	-21.0
Eq. Glbl Emg Cty A	GL	EQ	LUX	02/26	USD	8.75	-9.6	66.5	-17.4
Eq. Global A	GL	EQ	LUX	02/26	USD	27.18	-2.4	51.3	-11.8
Eq. Global Energy A	OT	OT	LUX	02/25	USD	16.93	-6.7	32.9	-17.3
Eq. Global Resources A	OT	OT	LUX	02/25	USD	102.02	-6.6	55.7	-16.1
Eq. Gold Mines A	OT	EQ	LUX	02/25	USD	27.98	-7.7	36.9	-8.6
Eq. India A	OT	OT	LUX	02/26	USD	123.11	-5.8	85.4	-14.0
Eq. Japan CoreAlpha A	OT	OT	LUX	02/26	JPY	7395.07	1.9	40.3	-8.9
Eq. Latin America A	OT	OT	LUX	02/25	USD	107.32	-7.7	85.4	-14.2
Eq. US Lg Cap Gr A	US	EQ	LUX	02/25	USD	14.80	-3.0	42.8	-10.8
Eq. US Rel Val A	US	EQ	LUX	02/25	USD	20.32	-1.3	54.1	-13.0
Eq. US Sm Cap Val A	US	EQ	LUX	02/26	USD	15.88	-0.4	54.9	-16.7
Money Market EURO A	EU	MM	LUX	02/25	EUR	27.41	0.1	0.7	2.3
Money Market USD A	US	MM	LUX	02/25	USD	15.83	0.0	0.3	1.4

The National Investor

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TNI Mena Real Estate Fund	OT	OT	BMU	02/18	USD	909.36	-5.4	5.1	-29.8
TNI MENA Special Sits Fund	OT	OT	BMU	01/31	USD	1091.50	1.1	13.6	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	02/18	AED	4.89	-8.3	17.1	-35.5

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Intel-Chin MainInd Foc	AS	EQ	CYM	02/17	USD	28.46	-4.6	75.0	6.0
Intel-China Converg*	AS	EQ	CYM	02/17	USD	108.68	-4.7	75.0	4.0
VP Classic - A	AS	EQ	CYM	02/26	USD	179.63	-3.7	82.4	1.0
VP Classic - B	AS	EQ	CYM	02/26	USD	83.66	-3.8	81.5	0.5
VP High Dividend Stk	AS	EQ	CYM	02/22	USD	44.80	-1.4	79.3	4.0

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■ YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	03/01	JPY	8993.00	-4.9	22.9	-19.8
YMR-N Small Cap Fund	OT	OT	IRL	03/01	JPY	6534.00	-6.8	19.6	-20.9

■ Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	03/01	JPY	5760.00	-6.4	12.1	-23.8
Yuki 77 Growth	JP	EQ	IRL	03/01	JPY	5258.00	-6.8	7.4	-27.4

■ Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	03/01	JPY	6549.00	-4.1	20.1	-19.4
Yuki Chugoku JpnLowP	JP	EQ	IRL	03/01	JPY	7606.00	0.9	13.9	-17.6

■ Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	03/01	JPY	4503.00	-3.6	15.2	-23.5
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	03/01	JPY	5147.00	-1.9	16.6	-18.5
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	03/01	JPY	4724.00	-7.5	17.3	-21.1

■ Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	03/01	JPY	4148.00	-6.2	14.8	-27.4
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	03/01	JPY	4392.00	-5.9	15.4	-27.3
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	03/01	JPY	6540.00	-6.2	23.8	-22.2
Yuki Mizuho Jpn Gen	OT	OT	IRL	03/01	JPY	8163.00	-5.3	19.7	-19.9
Yuki Mizuho Jpn Gro	OT	OT	IRL	03/01	JPY	6031.00	-5.1	15.0	-21.8
Yuki Mizuho Jpn Inc	OT	OT	IRL	03/01	JPY	7459.00	-2.3	7.5	-20.3
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	03/01	JPY	4977.00	-4.1	18.2	-20.8
Yuki Mizuho Jpn LowP	OT	OT	IRL	03/01	JPY	11388.00	-1.5	22.5	-15.2
Yuki Mizuho Jpn PGth	OT	OT	IRL	03/01	JPY	7401.00	-7.0	13.9	-24.7
Yuki Mizuho Jpn SmCp	OT	OT	IRL	03/01	JPY	6535.00	-8.4	24.7	-22.3
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	03/01	JPY	5497.00	-2.7	20.6	-17.4
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	03/01	JPY	2689.00	-1.4	25.7	-24.8

■ Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	03/01	JPY	5163.00	-4.8	19.4	-20.8

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

U.S.'s overseas funds fare poorly

But rationale for diversifying into foreign large-blend and emerging-market funds remains

By Tom Lauricella

Since the start of 2009, U.S. mutual-fund investors have plowed more than $33 billion into international and emerging-markets stock funds while largely forsaking U.S. stocks.

Judging by the way 2010 has started off, some may be questioning their timing.

U.S. investors have sent money across the border for several reasons. Many had little direct exposure to non-U.S. markets. Then there were the dismal returns on U.S. stocks compared with foreign markets. In the five years ended Dec. 31, the average fund in Morningstar Inc.'s U.S. large-blend category gained just 0.5% a year, while the average foreign large-blend fund was up 3.6%. Diversified emerging-markets funds averaged a 13.2% annual gain.

But this year, it is a different story. Foreign large-blend funds and emerging-markets funds are down an average of 5% and 4.8%, respectively, while U.S. large-blend funds are down only 0.7%.

European markets—which often count for more than 50% of the holdings of foreign-stock funds—have been rattled by government debt woes in Greece and other countries. The crisis seems contained, but the ripples could damp economic growth across the continent and translate into weaker stock returns.

Meanwhile, as the U.S. economy continues to slowly recover, the dollar has risen in value against the euro. A rising dollar reduces returns on stocks denominated in other currencies. (Over the past decade, the dollar's declines magnified returns on foreign stocks.)

On the other side of the globe, China's steps to restrict bank lending sparked concerns that economic growth in emerging markets won't be as robust as expected. That in turn caused jitters in big commodity-producing markets like Brazil.

Fund managers say some of the concerns about foreign markets—particularly emerging nations—are overblown. Wendy Trevisani, co-portfolio manager of **Thornburg International Value**, says Chinese officials have "a lot of levers they can pull to maintain 8%, 9% or 10% [economic] growth."

And Audrey Kaplan, a manager of **Federated InterContinental**, says emerging markets in Latin America are in especially good shape. Her group ranks developed and emerging stock markets in 40 countries based on valuations, earnings growth and credit quality. The top three are Brazil, Chile and Mexico.

Long-term conclusions, of course, can't be drawn in two months. But some events bear close watching. At the very least, newbie international investors could be in for a rough couple of months, even if, as with the case for emerging markets, the longer-term rationale is compelling.

THE EXECUTIVE'S GUIDE TO

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HSBC's net inches higher

Continued from page 17

taken on in group strategy, but that Mr. Geoghegan "did not consider it appropriate to accept such an increase at present."

HSBC's pretax profit fell 24% to $7.08 billion. The bank reported a $385 million tax expense for the year, down from $2.81 billion a year ago.

HSBC shares closed 5.2% lower in in London. "

The bank reported a decline in interest and fee income, but income from trading jumped to $6.24 billion from $847 million. The bank said its global banking and markets operation had a pretax profit of $10.48 billion, up from $3.48 billion.

The bank's Middle Eastern lending operation reported the sharpest rise in bad debt charges among the bank's regional operations. Loan-impairment charges in the Middle East rose nearly five-fold to US$1.3 billion from US$280 million in 2008.

A bright spot in the figures on the bank's bad debts was a 16% year-to-year drop in loan impairments within the U.S. consumer-finance unit, which has been a sore point for the bank since the U.S. subprime mortgage and lending markets started to sour in late 2006.

Hong Kong gets a curveball

Continued from page 17

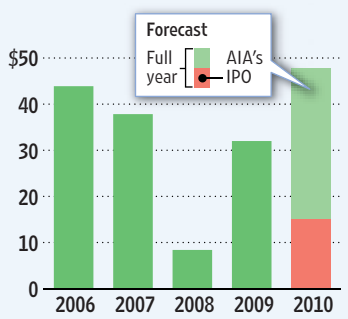
On the investment-banking side, a number of the banks involved in the IPO are advising on the takeover, mitigating the loss of fees from the aborted offering. Both **Morgan Stanley** and **Deutsche Bank**, which were appointed global coordinators for the IPO last June, should still end up earning fees on the takeover: Morgan Stanley, as an adviser to the U.S. Federal Reserve, Deutsche Bank as an adviser to AIG.

Citigroup and **Goldman Sachs Group**, both bookrunners on the deal, are advising AIG as well. **Credit Suisse Group**, which had been named as a bookrunner on the IPO, has been advising Prudential.

One bank that benefits from the acquisition is **J.P. Morgan Chase**, as its London affiliate, J.P. Morgan Cazenove, has emerged as an adviser to Prudential. J.P. Morgan Cazenove, along with Credit Suisse and **HSBC Holdings**, also will earn juicy fees for sponsoring the $20 billion share sale to help pay for the deal.

Hong Kong's big deal

Funds raised through IPOs on the Hong Kong Stock Exchange, in billions of dollars. Size of IPO for AIA is an estimate.



Sources: Dealogic, Ernst & Young (2010 forecast); WSJ reporting

Buffett backs Coke deal

Berkshire chief says successor should hold post for extended period

A Wall Street Journal Roundup

Investor Warren Buffett offered his backing for **Coca-Cola** Co.'s deal to acquire its largest bottler, said his eventual successor as head of **Berkshire Hathaway** Inc. should hold the position for an extended time, and favors a more aggressive cost-cutting approach to health-care overhaul, even though he would support Congress's legislation in its current form.

In a wide-ranging interview on CNBC from his home base of Omaha, Neb., Mr. Buffett, Berkshire Hathaway's chairman, said stocks in general are "far less attractive" than they were a year ago. He also said the company's aviation unit, **NetJets** Inc., isn't for sale.

As for the U.S. economy, Mr. Buffett said: "It's going slightly our way at the present time" and that "it's getting better but at a very, very slow rate."

He cautioned that, due to the recession, traditional year-to-year comparisons should instead be extended to two years ago for a more accurate read on economic health.

Asked about Coke's $12 billion offer to buy the North American operations of **Coca-Cola Enterprises** Inc., Mr. Buffett said: "I think on balance I like it." But he cautioned that "there's a lot of execution problems in doing anything like that."

As for his eventual successor as chairman and chief executive of Berkshire Hathaway, a conglomerate that sells everything from ice cream to machine tools to house paint, Mr. Buffett reiterated that the company's board has three candidates from which to choose.

Associated Press

Warren Buffett said he favors a more aggressive cost-cutting approach to health-care overhaul but backs current legislation in the U.S. Congress.

Mr. Buffett didn't name the three, and while he said it is a different list from 10 years ago, it "doesn't change very fast." He did offer that age is a factor in choosing his successor. "If I'm running this place at 100, which I won't be, but obviously there would be a different three around at that time.

"Anybody that takes over after me should have a long run," he said. "You don't want someone to come in and run it for five years and hand it off."

As for health care, Mr. Buffett said he favors a focus on reducing costs of such a large and expanding share of the nation's economy, but he said he would back the legislation as currently crafted.

Mr. Buffett's appearance on CNBC came two days after he published his annual letter to shareholders.

MSCI reveals plan to buy RiskMetrics

By Tess Stynes

MSCI Inc. said it plans to buy **RiskMetrics Group** Inc. for $1.55 billion, marrying two of the largest providers of investment and risk-management tools.

The cash-and-stock deal would combine MSCI, best known for its equity and bond indexes, with a specialist provider of analytic tools at a time when regulators are pushing for enhanced risk management.

MSCI Chief Executive Henry Fernandez said the proposed deal would be increase earnings and provide a platform to roll out products across a range of asset classes to a combined 6,000 clients.

The deal "brings us a giant step forward to offering a seamless view of risk across our clients' investment process," he said.

He said that MSCI had been under "no competitive pressure" to make a deal with RiskMetrics, and that his company remains on the lookout for other potential purchases in the index business.

In late morning trading, MSCI was up 4.9% at $28.52 and RiskMetrics shot 13% higher to $21.07.

MSCI's own risk business was loss-making, Mr. Fernandez said, but had identified synergies from the proposed deal that would allow it to match the higher margins generated by its core index operation.

RiskMetrics also owns one of the largest proxy-advisory firms, ISS. Mr. Fernandez described it as "non-core" but said it would be retained to generate cash.

He said MSCI would be able to roll out RiskMetrics' products in Asia and develop new benchmarks and indexes, such as those aimed at the fast-growing "social investment" community.

MSCI is offering a mix of cash and stock that values RiskMetrics at $21.75 a share, a 17% premium to Friday's closing price. RiskMetrics shareholders would receive $16.35 in cash and 0.1802 MSCI share per RiskMetrics share.

The deal is expected to close in late spring or early summer, pending approval by RiskMetrics shareholders. The combined company would have $746 million in revenues and employ more than 2,000 people. Ethan Berman, RiskMetrics' CEO, will stay on temporarily.

Mr. Fernandez said MSCI's long-term revenue-growth targets remain in place, though the transaction could accelerate profit growth.

New York-based MSCI in recent weeks shifted its attention to acquiring the risk-analysis and investment-research firm after failing to acquire Dow Jones & Co.'s index business. Dow Jones is a unit of News Corp. and is the publisher of The Wall Street Journal.

—Doug Cameron and Jacob Bunge contributed to this article.

FSA sets tougher rules, fines for market abuses

By Adam Bradbery

LONDON—The U.K.'s Financial Services Authority published a new policy governing penalties against regulated companies that could result in fines tripling in size.

The framework, due to come into force Saturday, is part of the FSA's efforts to clean up the financial markets, which started a couple of years ago when it decided it needed to create a "credible deterrent" to market abuse by aggressively pursuing prosecutions and imposing tougher penalties.

The FSA levied fines against firms and individuals totaling just under £35 million ($53.4 million) in 2009, a 53% increase from 2008, the FSA said. This equates to an average penalty of £832,974.

"Despite industry opposition, we have decided to implement these proposals as we believe enforcement penalties are a powerful tool to help change behavior in the industry," said Margaret Cole, the FSA's director of enforcement and financial crime who has driven this tougher approach.

"We imposed record fines in 2009, but this new approach further amplifies the deterrent effect of our penalties and sends a powerful message to firms, which makes it clear that noncompliant behavior will not be tolerated," she said.

Under the framework, fines for wrongdoing will be calculated up to 20% of a firm's revenue from the business area linked to the offense and up to 40% of an individual offender's salary and benefits, including bonus, the FSA said.

The existing policy doesn't set specific percentages relating to a company's or individual's income.

The U.K. regulator said that, apart from income levels, there will be four other factors used to determine the level of a fine: the confiscation of any profits from misconduct, aggravating and mitigating factors, the need to create a deterrent, and possible discounts for settlement avoiding the need for court action.

Macquarie taps chief for Europe

LONDON—**Macquarie Group** Ltd. said it had hired Benoit Savoret, the former European chief operating officer for Lehman Brothers, as its chief executive officer for Europe.

Mr. Savoret starts this week in a new role that includes heading all of the Australian financial firm's businesses in Europe, the Middle East and Africa.

He also will head Macquarie's securities business in the region.

Macquarie declined to make Mr. Savoret available for comment.

Prior to Lehman's collapse in September 2008, Mr. Savoret had worked for the bank for more than 10 years in equity sales, trading, research and asset management. Before joining Lehman, he had worked for French investment bank Société Générale SA.

For more information on how to exhibit or visit the event, please contact Sophie Pichot by email sophie.pichot@shorex.com or by phone +44 20 7482 1000.

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BLUE CHIPS & BONDS

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	Previous session	INDEX PERFORMANCE Year-to-date	52-week
Switzerland	0.83%	1.9%	61.0%
Sweden	1.30	1.2	63.7
U.K.	0.68	-0.4%	49.9
Japan	0.57	-1.3	24.6
Canada	0.42	-1.4	49.0
Netherlands	1.82	-1.5	61.6
South Africa	0.84	-1.7	36.5
Australia	1.17	-2.6	42.6
Russia	2.31	-3.8	88.1
Hong Kong	2.49	-4.0	65.1
Singapore	0.80	-4.8	83.1
Germany	1.54	-5.0	46.4
France	1.16	-5.1	47.6
Turkey	1.99	-5.5	107.1
South Korea	Closed	-6.8	58.7
Italy	0.42	-8.2	51.2
Brazil	0.89	-8.4	102.6
China 88	1.48	-9.0	44.4
Spain	0.31	-11.3	33.5

Dow Jones Regional Sector Titans

Travel Leisure	0.23%	4.3%	55.1%
Arab 50	-0.11	3.6	34.3
Pers H'hold Gds	0.69	2.2	50.7
Ind Gds Svcs	0.76	1.9	83.9
Retail	0.39	1.0	52.1
Health Care	0.43	-0.8%	41.7
Asian 50	0.84	-1.4	58.2
Media	0.99	-1.7	67.0
Global 50	0.11	-4.4	50.1
Tiger 50*	1.54	-5.6	81.6

*Asia excluding Japan

Source: Dow Jones Indexes

Dow Jones Asia Titans: Monday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Indl Comm Bk China	Hong Kong	Banks	$61.7	5.77	5.10%	87.3%	44.6%
China Constr Bk	Hong Kong	Banks	176.7	6.11	4.09	62.5	51.2
Mizuho Financial Grp	Japan	Banks	27.9	177.00	2.91	-2.2	-77.9
Hon Hai Precision Ind	Taiwan	Electrical Components Equipment	34.8	130.50	2.76	121.0	3.0
Nintendo	Japan	Toys	35.6	24,820	2.69	-10.2	-16.2
Toyota Motor	Japan	Automobiles	$116.5	3,295	-1.05%	7.3	-55.8
Seven I Hldgs	Japan	Broadline Retailers	20.2	1,992	-0.60	-3.3	-45.0
BHP Billiton	Australia	General Mining	123.0	40.98	-0.29	46.6	55.6
Takeda Pharm	Japan	Pharmaceuticals	35.6	4,015	-0.25	2.7	-49.7
Shin-Etsu Chml	Japan	Specialty Chemicals	22.8	4,775	-0.10	12.4	-31.7

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Woolworths Australia (Food Retailers Wholesalers)	30.3	27.54	2.61%	4.9%	3.0%
KDDI Japan (Mobile Telecommunications)	24.1	486,000	2.53	-1.2	-44.4
Cheung Kong Hong Kong (Real Estate Holding Development)	28.9	96.95	2.38	59.2	8.3
Mitsui Japan (Industrial Suppliers)	28.6	1,408	2.10	59.1	-28.9
PetroChina Hong Kong (Integrated Oil Gas)	24.0	8.85	2.08	69.9	2.6
Aus NZ Bk Australia (Banks)	52.9	23.59	1.94	80.1	-16.9
China Life Ins Hong Kong (Life Insurance)	33.6	35.10	1.89	69.6	82.2
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	36.2	109.60	1.67	89.8	22.9
Panasonic Japan (Consumer Electronics)	29.2	1,255	1.62	12.1	-44.8
Mitsubishi UFJ Finl Japan (Banks)	71.2	456.00	1.56	7.8	-67.0
Westpac Bking Australia (Banks)	69.1	26.53	1.53	62.8	6.8
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	48.2	59.60	1.36	33.9	-4.4
RioZim Ltd Australia (General Mining)	38.8	71.40	1.28	104.5	22.9
Hutchison Whampoa Hong Kong (Diversified Industrials)	31.0	56.40	1.26	44.8	-22.1
Canon Japan (Electronic Office Equipment)	51.8	3,740	1.22	54.9	-39.0
JFE Hldgs Japan (Iron Steel)	19.9	3,345	1.21	61.6	-51.2
Sumitomo Mitsui Finl Japan (Banks)	43.7	2,888	1.12	-3.4	-74.2
Tokio Marine Hldgs Japan (Property Casualty Insurance)	22.4	2,530	1.00	18.8	-39.5
Commonwlth Bk of Aus Australia (Banks)	74.0	54.45	0.98	91.0	11.1
China Mobile (HK) Hong Kong (Mobile Telecommunications)	197.8	77.30	0.91	18.3	14.8

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Mitsubishi Japan (Industrial Suppliers)	41.3	2,240	0.90%	90.6%	-11.6%
Kansai Elec Power Japan (Conventional Electricity)	22.7	2,121	0.81	-8.2	-37.3
Nippon T&T Japan (Fixed Line Telecommunications)	57.9	3,900	0.78	-8.5	-34.1
Westfield Grp Australia (Retail REITs)	25.0	12.11	0.75	18.2	-41.1
Tokyo Elec Power Japan (Conventional Electricity)	37.2	2,456	0.70	-9.4	-37.8
National Australia Bk Australia (Banks)	48.0	25.61	0.67	46.3	-35.1
Japan Tobacco Japan (Tobacco)	35.0	324,500	0.62	41.7	-39.1
Nippon Steel Japan (Iron Steel)	23.6	334.00	0.60	31.0	-58.0
NTT DoCoMo Japan (Mobile Telecommunications)	64.7	138,100	0.51	-9.3	-32.3
CNOOC Hong Kong (Exploration Production)	70.6	12.28	0.33	93.4	99.4
Woodside Petroleum Australia (Exploration Production)	27.9	43.47	0.23	26.9	23.6
East Japan Railway Japan (Travel Tourism)	27.2	6,130	0.16	7.9	-31.0
Sony Japan (Consumer Electronics)	34.2	3,055	0.16	84.0	-46.0
QBE Ins Grp Australia (Reinsurance)	19.6	21.42	0.09	26.0	-30.0
Honda Motor Japan (Automobiles)	63.2	3,080	...	33.1	-27.4
Nissan Motor Japan (Automobiles)	32.2	705.00	...	139.0	-45.3
KB Fncl Group South Korea (Banks)	16.1	48,750	Closed	78.4	-38.1
POSCO South Korea (Iron Steel)	34.6	530,000	Closed	74.9	59.2
Samsung Elec South Korea (Semiconductors)	94.5	744,000	Closed	61.0	32.2
Shinhan Financial Grp South Korea (Banks)	16.9	41,450	Closed	88.4	-17.2

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.56%	-1.04%	-0.2%	-1.0%	5.6%
Event Driven	0.35	-0.72	0.9	-0.1	13.5
Equity Long/Short	-0.06	-0.04	2.3	0.5	4.8

*Estimates as of 02/25/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

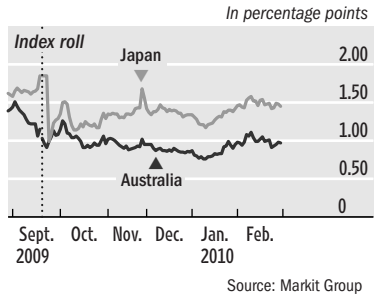
Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.85	100.67%	0.01%	1.00	0.65	0.83
Eur. High Volatility: 12/1	1.26	98.82	0.01	1.76	0.92	1.30
Europe Crossover: 12/1	4.66	101.33	0.05	6.15	3.79	4.94
Asia ex-Japan IG: 12/1	1.15	99.32	0.01	1.34	0.87	1.08
Japan: 12/1	1.45	97.93	0.01	1.68	0.99	1.36

Note: Data as of February 26

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Sanyo Shinpan Fin	728	**-19**	24	100
Acom	333	**-11**	30	52
Rep Philippines	187	**-7**	-12	-2
Mitsubishi Heavy Inds	69	**-7**	-11	-6
Rep Indonesia	193	**-6**	-13	2
Toyota Mtr	93	**-5**	8	13
Promise	741	**-4**	37	114
Bridgestone	52	**-3**	-3	10
Mitsui Fudosan	89	**-3**	-10	8
Shin Han Bk	131	**-3**	2	2

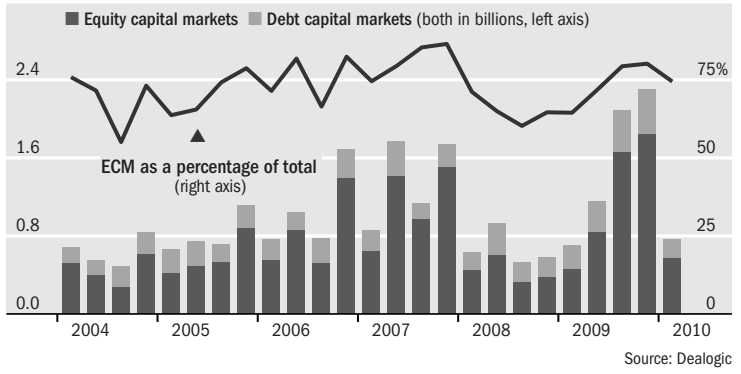
And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Kookmin Bk	135	**2**	9	17
Hysan Dev	61	**2**	...	5
Kubota	46	**2**	2	8
Orix	321	**3**	16	36
Mitsubishi Matls	126	**3**	1	27
Kawasaki Heavy Inds	171	**3**	-9	19
Nomura Secs	163	**3**	6	14
Ptt Pub	112	**3**	4	9
Nippon Paper Group	127	**5**	8	37
Casio Computer	71	**5**	3	18

Source: Markit Group

Behind Asia's deals: Bank revenues from equity capital markets

Behind every IPO, follow-on or convertible equity offering is one or more investment banks. At right, investment banks historical and year-to-date revenues from global equity-capital-market (ECM) deals



Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	387.00	-2.00	-0.51%	714.00	325.00
Soybeans (cents/bu.)	CBOT	961.00	...	unch.	1,087.50	819.75
Wheat (cents/bu.)	CBOT	513.00	-6.25	-1.20	745.00	472.00
Live cattle (cents/lb.)	CME	90.500	0.100	0.11%	95.175	85.050
Cocoa ($/ton)	ICE-US	2,853	-64	-2.19	3,514	2,066
Coffee (cents/lb.)	ICE-US	131.85	0.65	0.50	190.40	118.30
Sugar (cents/lb.)	ICE-US	22.92	-0.68	-2.88	29.00	11.90
Cotton (cents/lb.)	ICE-US	83.52	1.06	1.29	94.00	51.38
Crude palm oil (ringgit/ton)	MDEX	2,630.00	35	1.35	3,600	1,486
Cocoa (pounds/ton)	LIFFE	2,167	-22	-1.01	2,356	1,475
Robusta coffee ($/ton)	LIFFE	1,293	9	0.70	1,605	1,251
Copper (cents/lb.)	COMEX	332.40	4.00	1.22	355.00	140.00
Gold ($/troy oz.)	COMEX	1115.00	-3.30	-0.30	1,229.00	785.10
Silver (cents/troy oz.)	COMEX	1646.00	-6.10	-0.37	1,949.50	916.00
Aluminum ($/ton)	LME	2,130.00	42.50	2.04	2,356.50	1,301.00
Tin ($/ton)	LME	17,150.00	450.00	2.69	18,250.00	9,945.00
Copper ($/ton)	LME	7,359.00	264.00	3.72	7,695.00	3,355.00
Lead ($/ton)	LME	2,170.50	1.50	0.07	2,615.00	1,031.00
Zinc ($/ton)	LME	2,200.00	26.00	1.20	2,659.00	1,104.00
Nickel ($/ton)	LME	21,440	915	4.46	21,440	9,475
Crude oil ($/bbl.)	NYMEX	79.66	...	unch.	116.70	51.00
Heating oil ($/gal.)	NYMEX	2.0454	0.0101	0.50	3.4750	1.3939
RBOB gasoline ($/gal.)	NYMEX	2.2065	0.0186	0.85	2.2972	1.4475
Natural gas ($/mmBtu)	NYMEX	4.825	0.012	0.25	10.800	4.595
Brent crude ($/bbl.)	ICE-EU	78.15	0.18	0.23	109.11	57.30
Gas oil ($/ton)	ICE-EU	637.00	4.75	0.75	691.50	512.75

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on March 1

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.2010	0.1923	3.8588	0.2592
Brazil real	2.4266	0.4121	1.8004	0.5554
Canada dollar	1.4108	0.7088	1.0467	0.9554
1-mo. forward	1.4109	0.7088	1.0468	0.9553
3-mos. forward	1.4110	0.7087	1.0469	0.9552
6-mos. forward	1.4115	0.7085	1.0472	0.9549
Chile peso	704.86	0.001419	522.95	0.001912
Colombia peso	2579.45	0.0003877	1913.75	0.0005225
Ecuador US dollar-f	1.3479	0.7419	1	1
Mexico peso-a	17.1839	0.0582	12.7491	0.0784
Peru sol	3.8340	0.2608	2.8445	0.3516
Uruguay peso-e	26.620	0.0376	19.750	0.0506
U.S. dollar	1.3479	0.7419	1	1
Venezuela bolivar	5.79	0.172755	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.4993	0.6670	1.1123	0.8990
China yuan	9.2008	0.1087	6.8263	0.1465
Hong Kong dollar	10.4648	0.0956	7.7641	0.1288
India rupee	62.1918	0.0161	46.1415	0.0217
Indonesia rupiah	12481	0.0000801	9260	0.0001080
Japan yen	120.50	0.008299	89.40	0.011186
1-mo. forward	120.48	0.008300	89.39	0.011187
3-mos. forward	120.44	0.008303	89.36	0.011191
6-mos. forward	120.37	0.008308	89.30	0.011198
Malaysia ringgit-c	4.5669	0.2190	3.3883	0.2951
New Zealand dollar	1.9300	0.5181	1.4319	0.6984
Pakistan rupee	114.769	0.0087	85.150	0.0117
Philippines peso	62.183	0.0161	46.135	0.0217
Singapore dollar	1.8959	0.5275	1.4066	0.7109
South Korea won	1563.44	0.0006396	1159.95	0.0008621
Taiwan dollar	43.165	0.02317	32.025	0.03123
Thailand baht	44.236	0.02261	32.820	0.03047

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7419	1.3479
1-mo. forward	1.0001	0.9999	0.7420	1.3478
3-mos. forward	1.0001	0.9999	0.7420	1.3477
6-mos. forward	1.0005	0.9995	0.7423	1.3471
Czech Rep. koruna-b	25.864	0.0387	19.189	0.0521
Denmark krone	7.4436	0.1343	5.5226	0.1811
Hungary forint	268.69	0.003722	199.35	0.005016
Norway krone	8.0490	0.1242	5.9717	0.1675
Poland zloty	3.9367	0.2540	2.9208	0.3424
Russia ruble-d	40.472	0.02471	30.027	0.03330
Sweden krona	9.7418	0.1027	7.2277	0.1384
Switzerland franc	1.4638	0.6832	1.0860	0.9208
1-mo. forward	1.4634	0.6833	1.0858	0.9210
3-mos. forward	1.4629	0.6836	1.0853	0.9214
6-mos. forward	1.4618	0.6841	1.0845	0.9220
Turkey lira	2.0784	0.4811	1.5420	0.6485
U.K. pound	0.9022	1.1084	0.6693	1.4940
1-mo. forward	0.9024	1.1082	0.6695	1.4936
3-mos. forward	0.9028	1.1077	0.6698	1.4930
6-mos. forward	0.9034	1.1069	0.6702	1.4920
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5081	1.9680	0.3770	2.6526
Egypt pound-a	7.3957	0.1352	5.4870	0.1822
Israel shekel	5.1144	0.1955	3.7945	0.2635
Jordan dinar	0.9546	1.0475	0.7083	1.4119
Kuwait dinar	0.3897	2.5661	0.2891	3.4588
Lebanon pound	2031.88	0.0004922	1507.50	0.0006634
Saudi Arabia riyal	5.0546	0.1978	3.7502	0.2667
South Africa rand	10.3053	0.0970	7.6457	0.1308
United Arab dirham	4.9504	0.2020	3.6728	0.2723
SDR -f	0.8823	1.1334	0.6546	1.5277

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
52	**ASIA-PACIFIC**	DJ Asia-Pacific	121.61	0.94	0.78%	-1.2%	60.8%
18	Australia	SPX/ASX 200	4686.53	48.82	1.05	-3.8	44.2
...	China	CBN 600	27641.49	337.58	1.24	-4.9	55.9
18	Hong Kong	Hang Seng	21056.93	448.23	2.17	-3.7	71.0
19	India	Sensex	16429.55		Closed	-5.9	90.9
16	Indonesia	Jakarta Composite	2554.674	5.641	0.22	0.8	103.4
...	Japan	Nikkei Stock Average	10172.06	46.03	0.45	-3.5	39.7
...		Topix	898.93	4.83	0.54	-1.0	22.4
...	Malaysia	Kuala Lumpur Composite	1283.40	12.62	0.99	0.8	46.4
14	New Zealand	NZSX-50	3164.152	8.050	0.26	-2.0	27.5
9	Pakistan	KSE 100	9498.56	-159.23	-1.65%	1.2	67.2
14	Philippines	Manila Composite	3078.91	35.16	1.16	0.9	65.9
...	Singapore	Straits Times	2774.06	23.20	0.84	-4.3	80.9
11	South Korea	Kospi	1594.58		Closed	-5.2	56.5
19	Taiwan	Weighted	7577.75	141.65	1.90	-7.5	71.2
10	Thailand	SET	721.37		Closed	-1.8	73.2
57	**EUROPE**	Stoxx Europe 600	248.60	2.80	1.14	-1.8	51.1
23		Stoxx Europe 50	2494.52	24.34	0.99	-3.3	49.0
70	**Euro Zone**	Euro Stoxx	260.89	4.08	1.59%	-5.1%	47.9%
21		Euro Stoxx 50	2771.35	42.88	1.57	-6.6	47.2
21	Denmark	OMX Copenhagen	339.75	6.54	1.96	7.6	61.9
20	Finland	OMX Helsinki	6753.27	72.82	1.09	4.6	60.5
16	France	CAC-40	3769.54	60.74	1.64	-4.2	46.0
16	Germany	DAX	5713.51	115.05	2.06	-4.1	54.0
13	Italy	FTSE MIB	21320.80	252.48	1.20	-8.3	48.5
...	Netherlands	AEX	324.37	6.63	2.09	-3.3	55.3
...	Russia	RTSI	1429.77	18.92	1.34	0.2	165.1
10	Spain	IBEX 35	10434.9	101.3	0.98	-12.6	43.5
16	Switzerland	SMI	6791.48	80.49	1.20	3.8	53.0
...	Turkey	ISE National 100	51183.73	1478.24	2.97	-3.1	116.0
13	U.K.	FTSE 100	5405.94	51.42	0.96	-0.1	-85.1
18	**AMERICAS**	DJ Americas	295.53	2.21	0.75	-0.3	64.0
...	Brazil	Bovespa	67221.34	718.07	1.08	-2.0	83.9
...	Argentina	Merval	2258.27	36.89	1.66	-2.7	138.2
19	Mexico	IPC	31835.90	201.36	0.64	-0.9	86.9

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
2.17%	22	**Global TSM**	2261.90	10.84	0.48%	-2.4%	66.0%	-7.2%
1.94	20	**Global DOW**	1899.85	7.76	0.41	-4.3	61.5	-4.1
2.85	15	**Global Titans 50**	166.03	0.18	0.11	-4.4	50.1	-9.4
2.14	42	**Asia/Pacific TSM**	1202.45	9.09	0.76	-1.1	66.2	-5.7
2.39	15	**Asia/Pacific ex-Japan TSM**	2943.95	32.18	1.11	-4.3	100.3	0.7
2.73	16	**Europe TSM**	2465.89	-9.11	-0.37	-7.9	63.0	-11.1
1.83	14	**Emerging Markets TSM**	3923.48	34.57	0.89	-3.3	104.8	2.2
2.69	43	**Asian Titans 50**	132.34	1.10	0.84	-1.4	58.2	-7.7
6.39	6	**BRIC 50**	560.85	6.49	1.17	-6.2	105.1	6.8
0.86	28	**CBN China 600** -c	27641.49	337.58	1.24	-4.9	55.9	12.4
2.35	18	**China Offshore 50**	3893.24	101.72	2.68	-4.5	75.6	8.5
0.89	31	**Shanghai** -c	372.62	4.86	1.32	-3.9	56.9	12.6

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
0.58%	46	**Shenzhen** -c	410.04	4.28	1.05%	-1.6%	75.6%	18.7%
1.83	24	**U.S. TSM**	11425.98	82.82	0.73	0.4	61.9	-6.9
4.94	14	**Global Select Div** -d	191.01	1.11	0.58	-5.4	98.2	-10.2
5.55	14	**Asia/Pacific Select Div** -d	262.01	0.92	0.35	-2.4	118.3	-9.7
4.18	15	**Hong Kong Select Div** -d	189.09	2.93	1.57	0.9	61.1	1.3
4.22	15	**U.S. Select Dividend** -d	317.15	2.13	0.68	0.5	57.9	-13.9
2.12	14	**Islamic Market**	1929.32	11.38	0.59	-2.3	59.3	-2.2
2.42	15	**Islamic Market 100**	2056.67	8.91	0.44	-3.0	45.8	-2.7
2.78	16	**Islamic China/HK Titans 30**	1481.91	25.59	1.76	-0.3	69.2	3.7
1.26	12	**Sustainability Korea**	1135.07	0.93	0.08	-5.8	113.8	-0.9
4.34	17	**Brookfield Infrastructure**	1979.64	6.33	0.32	-2.3	52.7	-4.2
		DJ-UBS Commodity -p	133.83	2.20	1.67	-3.8	26.3	-8.3

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.112	0.669	1.047	6.826	0.742	7.764	46.141	9260.12	89.400	1.432	1159.94	3.388	46.135	1.407	1.086	32.025	32.820
Australia	0.899		0.602	0.941	6.137	0.667	6.980	41.481	8324.84	80.371	1.287	1042.79	3.046	41.475	1.265	0.976	28.790	29.505
Britain	1.494	1.662		1.564	10.198	1.108	11.599	68.935	13834.61	133.564	2.139	1732.96	5.062	68.926	2.101	1.622	47.845	49.033
Canada	0.955	1.063	0.639		6.522	0.709	7.418	44.083	8846.96	85.411	1.368	1108.19	3.237	44.077	1.344	1.038	30.596	31.356
China	0.1465	0.163	0.098	0.153		0.109	1.137	6.759	1356.55	13.097	0.210	169.92	0.496	6.758	0.206	0.159	4.691	4.808
Euro	1.348	1.499	0.902	1.411	9.201		10.465	62.192	12481.25	120.498	1.930	1563.43	4.567	62.183	1.896	1.464	43.165	44.236
Hong Kong	0.129	0.143	0.086	0.135	0.879	0.096		5.943	1192.69	11.515	0.184	149.40	0.436	5.942	0.181	0.140	4.125	4.227
India	0.0217	0.0241	0.0145	0.0227	0.1479	0.0161	0.1683		200.69	1.9375	0.0310	25.14	0.0734	0.9999	0.0305	0.0235	0.6941	0.7113
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0050		0.0097	0.0002	0.13	0.0004	0.0050	0.0002	0.0001	0.0035	0.0035
Japan	0.011	0.012	0.007	0.012	0.076	0.008	0.087	0.516	103.58		0.016	12.97	0.038	0.516	0.016	0.012	0.358	0.367
New Zealand	0.698	0.777	0.467	0.731	4.767	0.518	5.422	32.223	6466.80	62.433		810.05	2.366	32.218	0.982	0.758	22.365	22.920
South Korea	0.0009	0.0010	0.0006	0.0009	0.0059	0.0006	0.0067	0.0398	7.98	0.0771	0.0012		0.0029	0.0398	0.0012	0.0009	0.0276	0.0283
Malaysia	0.295	0.328	0.198	0.309	2.015	0.219	2.291	13.618	2733.01	26.385	0.423	342.34		13.616	0.415	0.321	9.452	9.686
Philippines	0.022	0.024	0.015	0.023	0.148	0.016	0.168	1.000	200.72	1.938	0.031	25.14	0.073		0.030	0.024	0.694	0.711
Singapore	0.711	0.791	0.476	0.744	4.853	0.527	5.520	32.804	6583.33	63.558	1.018	824.64	2.409	32.799		0.772	22.768	23.333
Switzerland	0.921	1.024	0.616	0.964	6.286	0.683	7.149	42.488	8526.81	82.320	1.319	1068.09	3.120	42.482	1.295		29.489	30.221
Taiwan	0.031	0.035	0.021	0.033	0.213	0.023	0.242	1.441	289.15	2.792	0.045	36.22	0.106	1.441	0.044	0.034		1.025
Thailand	0.030	0.034	0.020	0.032	0.208	0.023	0.237	1.406	282.15	2.724	0.044	35.34	0.103	1.406	0.043	0.033	0.976	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of March. 01, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
...%	...	**ALL COUNTRY (AC) WORLD***	289.50	-0.90%	-3.3%	54.7%
...	...	**World (Developed Markets)**	1,133.35	-0.82	-3.0	50.9
...	...	**World Small Cap**	189.65	-0.53	-0.3	71.1
...	...	**Kokusai (World ex-Japan)**	1,117.32	-0.87	-3.6	53.5
...	...	**EAFE**	1,497.34	-1.57	-5.3	50.1
...	...	**Emerging Markets (EM)**	935.93	-1.39	-5.4	87.4
...	...	**AC ASIA PACIFIC EX-JAPAN**	394.07	-1.29	-5.4	84.0
...	...	**AC Far East ex-Japan**	423.10	-0.68	-6.0	75.9
...	...	**Japan**	558.87	0.32	-1.7	19.7
...	...	**China**	60.58	1.18	-6.5	67.2
...	...	**China A (China Domestic)**	3,147.91	-0.29	-6.9	54.3
...	...	**Hong Kong**	9,885.04	0.64	-2.9	57.6
...	...	**India**	672.12	1.38	-4.9	97.7
...	...	**Korea**	450.46	0.45	-6.3	54.5
...	...	**Malaysia**	465.96	0.00	-0.8	40.6
...	...	**Singapore**	1,539.56	0.18	-5.3	71.8
...	...	**Taiwan**	267.33	0.08	-9.7	54.9
...	...	**Thailand**	295.34	0.81	-2.1	67.8
...	...	**Australia**	960.93	1.13	-4.0	39.3
...	...	**New Zealand**	84.02	-0.08	-3.6	15.0
...	...	**US BROAD MARKET**	1,230.44	-0.11	-0.5	53.2
...	...	**EUROPE**	85.37	1.04	-3.3	41.3

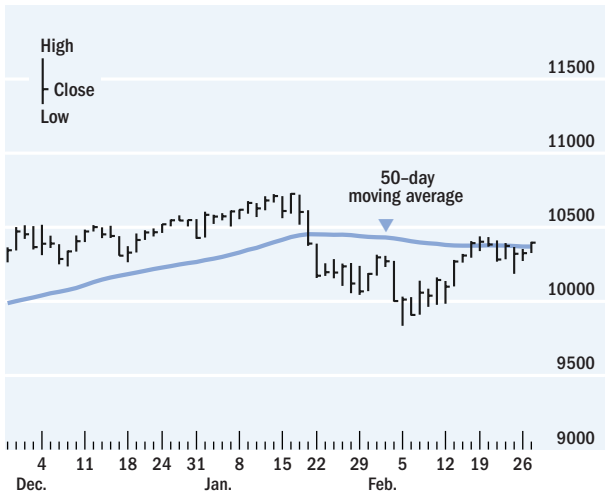
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 16

LAST: **10396.00** ▲ 70.74, or 0.69%
YEAR TO DATE: ▼ **32.05, or 0.3%**
OVER 52 WEEKS ▲ **3,632.71, or 53.7%**



Nasdaq Composite Index P/E: 19*

LAST: **2266.07** ▲ 27.81, or 1.24%
YEAR TO DATE: ▼ **3.08, or 0.1%**
OVER 52 WEEKS ▲ **943.22, or 71.3%**

S&P 500 Index P/E: 22

LAST: **1112.90** ▲ 8.41, or 0.76%
YEAR TO DATE: ▼ **2.20, or 0.2%**
OVER 52 WEEKS ▲ **412.08, or 58.8%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**10.40**	$25.00	0.19	**0.77%**
Alcoa	AA	**14.10**	13.33	0.03	**0.23**
AmExpress	AXP	**3.00**	38.17	-0.02	**-0.05**
BankAm	BAC	**88.20**	16.62	-0.04	**-0.24**
Boeing	BA	**2.10**	64.08	0.92	**1.46**
Caterpillar	CAT	**3.40**	58.08	1.03	**1.81**
Chevron	CVX	**3.20**	73.00	0.70	**0.97**
CiscoSys	CSCO	**17.50**	24.53	0.20	**0.82**
CocaCola	KO	**11.20**	52.88	0.16	**0.30**
Disney	DIS	**3.00**	31.60	0.36	**1.15**
DuPont	DD	**3.00**	34.11	0.39	**1.16**
ExxonMobil	XOM	**8.80**	65.36	0.36	**0.55**
GenElec	GE	**26.80**	16.00	-0.06	**-0.37**
HewlettPk	HPQ	**7.60**	51.64	0.85	**1.67**
HomeDpt	HD	**4.80**	31.25	0.05	**0.16**
Intel	INTC	**22.40**	20.84	0.31	**1.51**
IBM	IBM	**1.90**	128.62	1.46	**1.15**
JPMorgChas	JPM	**16.90**	41.77	-0.20	**-0.48**
JohnsJohns	JNJ	**3.50**	63.32	0.32	**0.51**
KftFoods	KFT	**6.00**	28.69	0.26	**0.91**
McDonalds	MCD	**2.80**	63.80	-0.05	**-0.08**
Merck	MRK	**4.50**	37.20	0.32	**0.87**
Microsoft	MSFT	**17.00**	28.86	0.19	**0.66**
Pfizer	PFE	**17.40**	17.80	0.25	**1.42**
ProctGamb	PG	**2.70**	63.52	0.24	**0.38**
3M	MMM	**0.90**	80.93	0.78	**0.97**
TravelersCos	TRV	**1.50**	53.25	0.66	**1.25**
UnitedTech	UTX	**1.50**	69.65	1.00	**1.46**
Verizon	VZ	**5.70**	29.08	0.15	**0.53**
WalMart	WMT	**5.50**	53.87	-0.20	**-0.37**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
SiriusXM	SIRI	**106.2**	$0.96	–$0.06	**-5.99%**
BankAm	BAC	**91.1**	16.61	–0.05	**-0.30**
SPDR S&P 500	SPY	**78.4**	111.81	1.07	**0.97**
Citigroup	C	**78.3**	3.39	–0.01	**-0.29**
FordMotor	F	**74.5**	12.28	0.54	**4.60**
YRC Worldwide	YRCW	**43.9**	0.44	–0.02	**-4.27**
AdventrxPharm	ANX	**42.7**	0.21	–0.08	**-28.59**
PwrShrs QQQ	QQQQ	**40.4**	45.37	0.61	**1.36**
iShrRu2000	IWM	**36.4**	64.09	1.29	**2.05**
iShrMSCIEmrgMkt	EEM	**29.4**	39.67	0.71	**1.82**
SPDR FnclSelSct	XLF	**28.6**	14.69	0.01	**0.07**
OSI Pharm	OSIP	**27.0**	56.45	19.43	**52.49**
GenElec	GE	**27.0**	15.99	–0.07	**-0.44**
DrxFinancBear 3x	FAZ	**22.9**	17.51	–0.14	**-0.78**
Qualcomm	QCOM	**22.7**	35.78	–0.90	**-2.46**

Biggest gainers...

OSI Pharm	OSIP	**27,036.0**	$56.45	$19.43	**52.49%**
Entorian	ENTN	**40.4**	6.66	2.16	**48.00**
SportChalet A	SPCHA	**66.1**	2.66	0.59	**28.51**
SportChalet B	SPCHB	**14.8**	3.00	0.48	**19.05**
DoralFnl	DRL	**336.8**	3.70	0.57	**18.21**

...Biggest losers

MistrasGp	MG	**747.8**	$11.33	-$2.31	**-16.94%**
ShandaGames	GAME	**10,838.5**	6.92	-1.35	**-16.33**
PrudentialPLC	PUK	**846.7**	15.99	-2.51	**-13.57**
CompxInt A	CIX	**7.2**	8.20	-1.09	**-11.73**
NobelLearng	NLCI	**14.6**	7.19	-0.86	**-10.68**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$6.98	**Taiwan Semi**	TSM	**6,879.7**	$9.92	0.17	**1.74%**
15.95	8.74	**China Unicom**	CHU	**3,027.4**	12.60	0.43	**3.53**
4.24	1.65	**Utd Microelectronics**	UMC	**2,203.7**	3.56	0.13	**3.79**
82.74	33.09	**BHP Billiton**	BHP	**2,029.0**	74.36	1.03	**1.40**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**1,391.9**	5.16	0.04	**0.78**
91.97	56.79	**Toyota Motor**	TM	**972.4**	73.47	-1.36	**-1.82**
59.22	40.20	**China Mobile**	CHL	**665.0**	49.54	0.11	**0.22**
59.13	22.61	**Infosys Tech**	INFY	**625.0**	58.38	1.48	**2.60**
21.22	16.33	**ChunghwaTel**	CHT	**604.5**	19.25	0.57	**3.05**
8.19	4.18	**Siliconware Prec Ind**	SPIL	**550.1**	5.97	0.13	**2.14**
13.30	6.35	**AU Optrncs**	AUO	**531.6**	10.68	0.31	**2.94**
18.64	12.59	**SK Telecom**	SKM	**446.3**	16.89	0.21	**1.26**
35.59	16.13	**Sony**	SNE	**385.9**	34.77	0.66	**1.93**
5.23	1.57	**Adv Semi Engrg**	ASX	**375.3**	4.24	0.22	**5.47**
34.27	10.70	**Aluminum Cp of China**	ACH	**374.1**	25.07	0.97	**4.02**
81.00	38.70	**China Life Ins**	LFC	**373.6**	68.16	1.70	**2.56**
18.20	6.85	**Korea Elec Pwr**	KEP	**209.4**	16.13	0.00	**0**
9.82	5.43	**Telecom Corp of NZ**	NZT	**206.9**	7.71	-0.19	**-2.41**
7.74	2.00	**Alumina**	AWC	**180.6**	5.70	0.27	**4.97**
135.92	63.94	**PetroChina**	PTR	**173.6**	113.42	1.50	**1.34**
25.65	5.11	**Yanzhou Coal Mining**	YZC	**165.3**	21.87	0.62	**2.92**
9.50	3.96	**Nomura Hldgs**	NMR	**164.2**	7.38	0.00	**0**
21.78	11.30	**KT Corp**	KT	**135.6**	19.34	0.16	**0.83**
24.09	17.71	**NTT**	NTT	**122.4**	21.99	0.21	**0.96**
94.00	46.45	**China Petro & Chem**	SNP	**121.0**	79.17	-0.01	**-0.01**
150.50	47.09	**POSCO**	PKX	**100.2**	116.97	1.51	**1.31**
171.59	75.59	**CNOOC**	CEO	**98.7**	157.04	-0.25	**-0.16**
17.19	10.60	**Matsushita Elec**	PC	**92.8**	14.18	0.32	**2.31**
34.43	21.60	**Huaneng Power Intl**	HNP	**90.3**	24.21	0.36	**1.51**
43.95	21.23	**Canon**	CAJ	**86.1**	42.14	0.66	**1.60**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

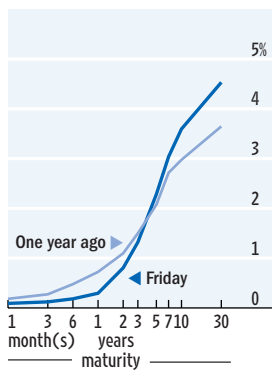
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.590%**	**377.8**	375.0	339.6	**180.6**	**4.550%**	4.215%	**2.788%**
4.500	10	**5.510**	**188.5**	189.9	184.5	**138.7**	**5.490**	5.436	**4.407**
5.000	**Austria** 2	**1.321**	**50.9**	49.7	77.9	**32.8**	**1.297**	1.598	**1.310**
3.900	10	**3.556**	**-6.9**	-3.9	9.5	**119.2**	**3.552**	3.686	**4.212**
2.000	**Belgium** 2	**1.065**	**25.3**	31.6	61.3	**33.3**	**1.116**	1.432	**1.315**
3.750	10	**3.655**	**3.0**	5.2	18.1	**118.0**	**3.643**	3.772	**4.200**
1.500	**Canada** 2	**1.347**	**53.5**	46.6	36.5	**17.4**	**1.266**	1.184	**1.156**
3.750	10	**3.419**	**-20.6**	-21.4	-24.2	**10.9**	**3.377**	3.349	**3.129**
4.000	**Denmark** 2	**1.676**	**86.4**	88.2	111.3	**121.5**	**1.682**	1.932	**2.197**
4.000	10	**3.433**	**-19.2**	-14.6	-5.0	**48.9**	**3.445**	3.541	**3.509**
3.750	**France** 2	**0.900**	**8.8**	12.1	41.3	**57.0**	**0.921**	1.232	**1.552**
3.500	10	**3.423**	**-20.2**	-19.2	-11.3	**63.5**	**3.399**	3.478	**3.655**
1.250	**Germany** 2	**0.869**	**5.7**	7.1	31.0	**33.4**	**0.871**	1.129	**1.316**
3.250	10	**3.116**	**-50.9**	-49.3	-39.2	**8.2**	**3.098**	3.199	**3.102**
0.640	**Hong Kong** 2	**0.747**	**-6.5**	-5.9	-19.9	**-16.2**	**0.741**	0.620	**0.820**
2.160	10	**2.883**	**-74.2**	-69.6	-67.9	**-95.0**	**2.895**	2.912	**2.070**
5.000	**Italy** 2	**1.377**	**56.5**	60.5	109.9	**120.8**	**1.405**	1.918	**2.190**
4.250	10	**3.974**	**34.9**	37.6	52.0	**165.3**	**3.967**	4.111	**4.673**
0.200	**Japan** 2	**0.170**	**-64.2**	-64.5	-65.4	**-58.7**	**0.155**	0.165	**0.395**
1.300	10	**1.319**	**-230.6**	-228.2	-226.1	**-174.8**	**1.309**	1.330	**1.272**
2.500	**Netherlands** 2	**0.878**	**6.6**	12.1	40.5	**70.8**	**0.921**	1.224	**1.690**
3.500	10	**3.397**	**-22.8**	-21.0	-16.1	**89.8**	**3.381**	3.430	**3.918**
5.000	**Portugal** 2	**2.051**	**123.9**	131.2	144.1	**146.5**	**2.112**	2.260	**2.447**
4.800	10	**4.366**	**74.1**	88.3	83.6	**183.6**	**4.474**	4.427	**4.856**
5.350	**Spain** 2	**1.228**	**41.6**	47.3	96.3	**107.5**	**1.273**	1.782	**2.057**
4.000	10	**3.820**	**19.5**	27.4	55.1	**125.5**	**3.865**	4.142	**4.275**
2.750	**Switzerland** 2	**0.332**	**-48.0**	-46.5	-17.9	**-47.7**	**0.335**	0.640	**0.505**
2.250	10	**1.906**	**-171.9**	-168.0	-154.8	**-75.2**	**1.911**	2.043	**2.268**
3.250	**U.K.** 2	**1.023**	**21.1**	16.3	43.0	**45.7**	**0.963**	1.249	**1.439**
3.750	10	**4.088**	**46.3**	43.9	32.0	**59.6**	**4.030**	3.911	**3.616**
0.875	**U.S.** 2	**0.812**	**...**	...	...	**...**	**0.800**	0.819	**0.982**
3.625	10	**3.625**	**...**	...	...	**...**	**3.591**	3.591	**3.020**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.532%**	16.22	–0.08 %	2.36 %	2.36 %	–9.96 %
10-year Treasury	**3.595**	8.30	0.46	2.64	2.64	–1.51
7 Year Treasury	**3.037**	6.27	0.63	2.97	2.97	3.09
Five-year Treasury	**2.285**	4.69	0.71	2.37	2.37	3.10
Ryan Index	**2.596**	6.72	0.40	2.16	2.16	0.26
3 Year Treasury	**1.321**	2.90	0.41	1.55	1.55	3.75
Two-year Treasury	**0.804**	1.98	0.21	0.98	0.98	2.64
1 Year Treasury	**0.295**	0.96	0.04	0.25	0.25	1.40
Six-month Treasury	**0.183**	0.50	0.01	0.05	0.05	0.63
Ryan Cash Index-a	**0.173**	0.44	0.02	0.08	0.08	0.62
Three-month bill	**0.122**	0.25	0.01	0.02	0.02	0.34
One-month bill	**0.091**	0.07	...	...	...	0.12

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	3.00
Japan	**1.475**	1.475
Britain	**0.50**	1.00
ECB	**1.00**	2.00
Switzerland	**0.53**	0.53
Australia	**3.75**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.22813%**	0.49750%
Three month	**0.25169**	1.26625
Six month	**0.38375**	1.80375
One year	**0.83938**	2.11063

	Latest	52 wks ago
Euro Libor		
One month	**0.38250%**	1.50813%
Three month	**0.60000**	1.81375
Six month	**0.91125**	1.92188
One year	**1.19750**	2.02938
Hibor		
One month	**0.07857**	0.26643%
Three month	**0.13000**	0.86786
Six month	**0.23000**	1.21714
One year	**0.51000**	1.65643
Asian dollars		
One month	**0.2375%**	0.50%
Three month	**0.2550**	1.2530
Six month	**0.3838**	1.7900
One year	**0.8388**	2.1020

	Offer	Bid
Eurodollars		
One month	**0.3000%**	0.2000%
Three month	**0.3300**	0.2300
Six month	**0.5500**	0.3500
One year	**0.9500**	0.5500

	Latest	52 wks ago
U.S. discount	**0.75%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.23%**	0.33%
U.K. (BBA)	**0.510**	0.950
Euro zone	**0.29**	1.31

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Monday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average

Japan 10172.06

▲ **0.45% or 46.03**

Gains by metals stocks led the market higher after the earthquake in Chile, the word's biggest copper producer. Hope for a bailout of Greece helped sentiment.

Stock	Volume in millions	Change Close	Change Net	Change %
Mizuho Financial	**133.87**	177	5	2.91
Mtshbsh Fin Grp	**74.23**	456	7	1.56
Hitachi	**31.43**	299	6	2.05
Clarion	**27.02**	156	–4	–2.50
Toshiba	**26.10**	448	3	0.67

Hang Seng

Hong Kong 21056.93

▲ **2.17% or 448.23**

Gains in financial stocks and resources companies sent the index to its highest close since Jan. 20. Shares of property companies rallied as well.

Stock	Volume in millions	Change Close	Change Net	Change %
CCB	**651.47**	6.11	0.24	4.09
Icbc	**564.92**	5.77	0.28	5.10
Bank Of China	**455.84**	3.92	0.15	3.98
ChinaPetroChem	**125.66**	6.15	0.06	0.99
China Unicom	**102.90**	9.83	0.52	5.59

CBN 600

China 27641.49

▲ **1.24% or 337.58**

The market rose despite news of a slowdown in Chinese manufacturing. Investors are hoping for continued government efforts to boost the economy.

Stock	Volume in millions	Change Close	Change Net	Change %
HaikouAgriIndustry	**172.11**	11.81	0.64	5.73
China State Con	**158.27**	4.36	0.01	0.23
HainanExpressway	**145.42**	10.20	0.76	8.05
Icbc	**128.40**	4.91	0.04	0.82
Sichuan Express	**127.64**	10.23	0.93	10.00

ASX 200

Australia 4686.53

▲ **1.05% or 48.81**

Strong corporate results and higher prices for oil and metals boosted the index. Banks and supermarket operators were especially strong.

Stock	Volume in millions	Change Close	Change Net	Change %
MacquarieOffTrust	**333.85**	0.28	unch	...
MacquarieCtyWideTr	**100.50**	0.58	0.01	0.88
Telstra	**66.54**	2.94	–0.03	–1.01
Goodman Grp-Stpl	**51.92**	0.60	–0.01	–0.83
Boart Longyear	**42.92**	0.31	–0.01	–1.59

Asian stocks in the news

Shimao Prop

Hong Kong HK$13.52

▲ **4.5% or HK$0.58**

Like Agile Property, Shimao rose on hope for the National People's Congress meeting this weekend.

	Price-to-earnings ratio	36
	Earnings per share, past four quarters	0.38
	Dividend yield	1.7

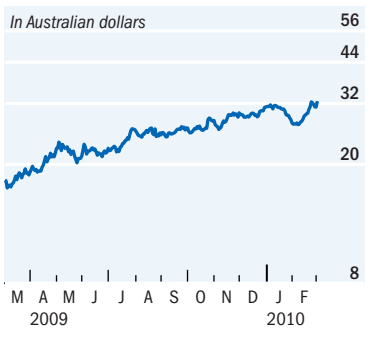
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**1.3%**	3.5%	83.4%
Shimao Prop	**4.5%**	12.7%	248.5%

Wesfarmers

Australia A$32.60

▲ **4.7% or A$1.47**

Supermarket operators rose following strong results over the past two weeks.



	Price-to-earnings ratio	25
	Earnings per share, past four quarters	1.30
	Dividend yield	1.7

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Retail	**1.0%**	2.0%	61.1%
Wesfarmers	**4.7%**	0.6%	84.2%

OZ Minerals

Australia A$1.10

▲ **5.3% or A$0.05**

Gains in copper prices following the Chilean earthquake boosted the miner's stock.

	Price-to-earnings ratio	none
	Earnings per share, past four quarters	-0.17
	Dividend yield	none

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**0.8%**	-0.4%	106.7%
OZ Minerals	**5.3%**	3.3%	68.5%

Toll Hldgs

Australia A$7.25

▲ **6.6% or A$0.45**

The freight and logistics company rebounded after falling 21% last week.

	Price-to-earnings ratio	23
	Earnings per share, past four quarters	0.31
	Dividend yield	1.6

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**0.8%**	0.3%	79.8%
Toll Hldgs	**6.6%**	-14.9%	38.1%

Agile Prop

Hong Kong HK$10.72

▲ **8.1% or HK$0.80**

Property stocks rose on hope China's National People's Congress will keep growth-boosting policies.

	Price-to-earnings ratio	20
	Earnings per share, past four quarters	0.54
	Dividend yield	1.1

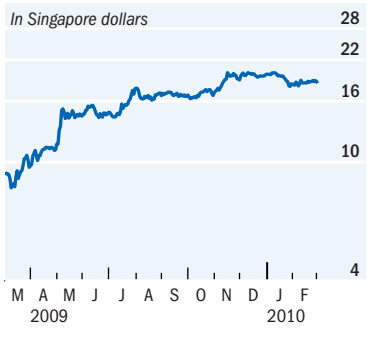
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**1.3%**	3.5%	83.4%
Agile Prop	**8.1%**	9.8%	304.5%

United Overseas Bk

Singapore S$18.38

▼ **1.4% or S$0.26**

The bank reported strong quarterly results, but investors sold to take profits.



	Price-to-earnings ratio	15
	Earnings per share, past four quarters	1.26
	Dividend yield	3.3

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Banks	**1.3%**	1.6%	70.7%
United Overseas Bk	**-1.4%**	-1.3%	98.7%

Yahoo Japan

Japan ¥32,750

▼ **1.5% or ¥500**

The firm fell despite news that Goldman Sachs forecast a continued upturn in its advertising sales.

	Price-to-earnings ratio	23
	Earnings per share, past four quarters	1411.00
	Dividend yield	0.9

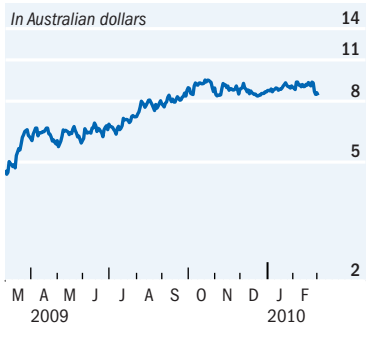
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology	**1.0%**	-0.8%	89.5%
Yahoo Japan	**-1.5%**	2.5%	19.0%

Suncorp-Metway

Australia A$8.37

▼ **2.0% or A$0.17**

The bank and insurer continued to fall after cutting its dividend last week.



	Price-to-earnings ratio	24
	Earnings per share, past four quarters	0.34
	Dividend yield	1.8

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Banks	**1.3%**	1.6%	70.7%
Suncorp-Metway	**-2.0%**	-9.7%	77.7%

AXA Asia Pacific Hldgs

Australia A$6.30

▼ **2.3% or A$0.15**

The stock began trading on an ex-dividend basis.

	Price-to-earnings ratio	18
	Earnings per share, past four quarters	0.35
	Dividend yield	1.5

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Insurance	**0.9%**	-0.8%	52.8%
AXA Asia Pacific Hldgs	**-2.3%**	-1.1%	135.1%

Telecom of NZ

New Zealand NZD2.19

▼ **6.0% or NZD0.14**

The telecommunications stock has fallen 15% since early January.

	Price-to-earnings ratio	8
	Earnings per share, past four quarters	0.26
	Dividend yield	11.0

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Telecommunications	**0.8%**	1.3%	23.2%
Telecom of NZ	**-6.0%**	-7.2%	-4.8%

HEARD ON THE STREET

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Prudential takes on bold Asian flavor

Has **Prudential** bitten off more than it can chew?

The U.K. insurer's $35.5 billion deal to buy AIA, the Asian assets of troubled state-controlled U.S. insurer **American International Group**, is a huge gamble for the Pru's ambitious new chief executive, Tidjane Thiam. The deal will more than double Pru's size and will require a $20 billion rights issue—in line with the U.K.'s largest-ever capital raising.

But if investors can weather some short-term weakness in the shares, the long-term investment case looks convincing.

Combining Prudential's existing large Asian business with AIA will make it the No. 1 life insurer in Asia, an enviable position given the demographics and savings rates of the region. Consultancy McKinsey expects as many as 100 million households to cross the $10,000-a-year income threshold from 2007 through 2012, creating as many as 200 million possible new customers for life insurance.

In hard-money terms, that translates to potential annual premiums of $750 billion to $950 billion, up from $632 billion in 2007.

Still, Mr. Thiam is paying a rich price. A planned stock market flotation was expected to value the business at $15 billion to $35 billion. Mr. Thiam's predecessor, Mark Tucker, turned down the assets at around $20 billion just 12 months earlier, questioning both the price and the quality of the underwriting.

Prudential argues that AIA's assets have been cleaned up after a recapitalization. The current deal also includes an attractive Philippines operation. And revenue and brand synergies are likely to be substantially in excess of the $340 million of expected annual cost savings.

Besides the valuation looks less stretched when viewed through an Asian, rather than European prism. Prudential is paying 1.69 times embedded value, a big premium to its own 1.15 multiple, but in line with AXA Asia Pacific and below the 2.6 to 3 times multiples associated with Chinese insurers, including Ping An.

Mr. Thiam is betting that Asian growth plus substantial revenue synergies will allow a re-rating of Prudential as an Asian, rather than developed markets group, thereby overcoming any dilution.

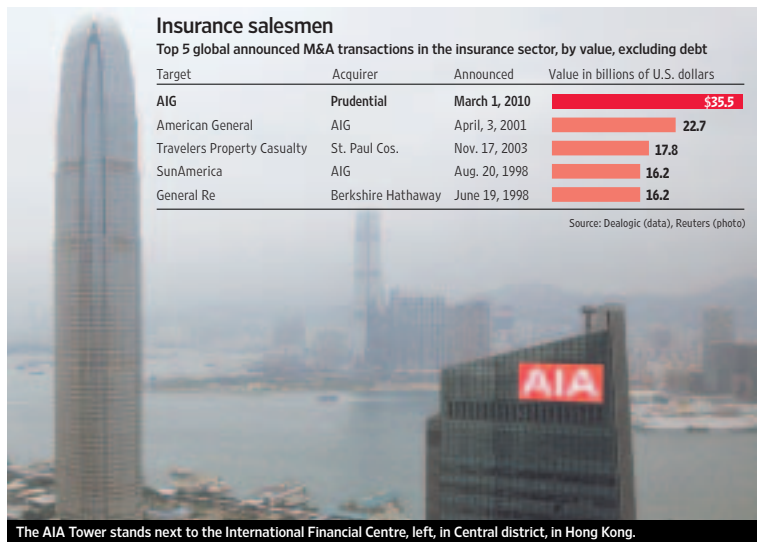
That may not be a bad bet.

Still, integrating AIA across so many differing jurisdictions will be a monumental management exercise. Some Asian markets have proved difficult to penetrate.

As with many foreign insurers, Prudential has found China a tough nut to crack, despite a joint venture with **Citic Group**. AIA's Chinese ties go back to the 1970s, and it is the only foreign insurer allowed to operate a wholly owned entity there. How Chinese regulators respond to a change in AIA's ownership could be crucial to the deal's success.

And unlike his predecessor, Mr. Thiam hasn't risen through the Asian side of Prudential's business. Investors will have to keep faith as he embarks on a vertiginous learning curve.

—Hester Plumridge and Andrew Peaple



Insurance salesmen

Top 5 global announced M&A transactions in the insurance sector, by value, excluding debt

Target	Acquirer	Announced	Value in billions of U.S. dollars
AIG	Prudential	March 1, 2010	$35.5
American General	AIG	April, 3, 2001	22.7
Travelers Property Casualty	St. Paul Cos.	Nov. 17, 2003	17.8
SunAmerica	AIG	Aug. 20, 1998	16.2
General Re	Berkshire Hathaway	June 19, 1998	16.2

Source: Dealogic (data), Reuters (photo)

The AIA Tower stands next to the International Financial Centre, left, in Central district, in Hong Kong.

A declining euro could take Mazda for a ride

Have Japan's car makers come to terms with a strong yen? The euro will prove a test case.

In recent years, auto firms have slashed procurement and production costs and localized more manufacturing to overcome the bouts of a stronger Japanese currency. But the rapid drop in the euro recently is going to highlight the weak spots.

Mazda Motor, in particular, will feel this. The company sells more cars in Europe than any other market in the world, including Japan. The region accounts for about 20% of its sales.

It recently took 121.74 yen to buy a euro. That's already substantially less than the 132 yen the company budgeted for when predicting it would log a small operating profit in the year to March. Mazda hedges 70% of its currency exposure, including the euro, dollar and Australian dollar, in six-month forward contracts, but acknowledges that over the course of a year, each one-yen uptick against the euro knocks $13 million out of its operating profit.

It means analysts could find themselves revising forecasts for Mazda to earn some $390 million in operating profit in the March 2011-end year. The recent drop, for example, would slash that by around $160 million or 40%.

Bigger rivals should fare better. Europe accounts for a smaller portion of sales at **Toyota Motor**, **Honda Motor** and **Nissan Motor** than at Mazda. Plus, the big three have shifted production and sourcing closer to their end buyers, something smaller manufacturers can't do so easily. Nissan forecasts that 87% of its cars sold in Europe will be manufactured there this year and says it will feel no impact from the weak euro on operating profit. Mazda has no production in Europe.

For now, Mazda's investors aren't too fussed, perhaps seeing the euro's recent plunge as a temporary phenomenon. If the euro keeps falling, though, Mazda's shares could be in for a ride. *—James Simms*

HSBC tests the temper of the market

When the markets are in this kind of mood, no one can afford to disappoint them, as **HSBC** discovered. The U.K. banking giant's 2009 earnings of $5.8 billion were up 2% on the previous year, but were below the market's high expectations.

With the shares already trading on 1.9 times forecast tangible book value and 10 times forecast 2010 earnings, a large premium to most of its peers, investors took flight, marking the shares down more than 5%. In calmer times, that might have looked like an overreaction.

Much of the earnings shortfall reflected larger than expected losses in the insurance division, hardly key to HSBC's emerging-market-based investment case. But the market was more concerned by slightly higher-than-expected impairment charges, largely driven by deteriorating loan quality in the Middle East. This slip aside, HSBC did make progress.

Bad-debt charges at its U.S. consumer-finance division fell. The run-off portfolio of loans advanced by disbanded subprime lender Household was reduced by 21%. And HSBC reported a core Tier 1 capital ratio of 9.4% which, combined with its organic capital generation, should enable the bank to absorb new regulatory capital requirements.

HSBC itself is cautiously optimistic, anticipating a two-speed global economy in which emerging-market growth is three times that of the developed world in 2010. That should pave the way for further reductions in bad-debt charges and increasing demand for credit. Credit Suisse estimates HSBC will generate returns on tangible equity of 18% by 2011 which, combined with a strong growth profile, should support a significantly higher share price—if and when the markets calm down.

—Simon Nixon

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Published by Dow Jones Publishing Company (Asia). Printed in Hong Kong by Superflag Advertising and Communication Limited. 8 Chun Ying Street, NT. Printed in Indonesia by PT Gramedia Printing Group, Jalan Palmerah Selatan 22-28, Jakarta 10270. Printed in Japan by Yomiuri Shimbun, 1-7-1 Otemachi, Chiyoda-ku, Tokyo 100-8055. Printed in Korea by JoongAng Ilbo. 7, Soonwha-Dong, Chung-Ku, Seoul 100-130. 1997 June 04 Registration no: SeoulKA00020 (Daily Newspaper). Publisher/Editor/Printer: Song Pil-Ho. Printed in Malaysia by KHL Printing Co. Sdn. Bhd. (ROC No. 235060-A) Lot 10 & 12, Jalan Modal 23/2, Seksyen 23 Kawasan Mel Phase 8, 40000 Shah Alam, Selangor, Malaysia. Printed in Philippines by FEP Printing Corporation, 3817 Mascardo St., Corner Metropolitan Ave., Pasong Tamo, Makati City, Printed in Singapore by KHL Printing Co. Pte Ltd., 57 Loyang Drive, Singapore 508968. Printed and distributed in Taiwan by The China Post, 8 Fu Shun Street, Taipei 104. Printed in Thailand by Nation Multimedia Group Public Co., Ltd., 1854 Bangna-Trad Road, (KM. 4.5), Prakanong, Bangkok 10260. Published and printed on behalf of the Wall Street Journal India Publishing Pvt Ltd., 51/B World Trade Centre, Barakhamba Lane, New Delhi 110001 by Mr Suman Dubey at A-8 Sector 7, Gautam Budh Nagar, Noida -201301 and PLOT NoEL208, TTC Industrial Area, Mahape, Navi Mumbai - 400710 (Maharashtra), India. Editor: Suman Dubey, phone: +91-11-6462 0215. ACP no. F2 (T/3) Press / 2009 FACSIMILE EDITION.